

Crisis, Opportunity & Virtue: The Role of Virtue Ethics in Corporate Crisis Management

By

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Declaration

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March 2021

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Abstract

Corporate crisis management is an underdeveloped field of study, which requires considerable additional research. In particular, the role of virtue ethics in responding to corporate crises has not been given sufficient attention. In this paper, I argue that virtue ethics has unique advantages in conceptualising ethical responses in times of corporate crisis due to its emphasis on leaders' moral character. I further argue that the relevant virtues can be cultivated even by leaders who initially lack virtuous dispositions. It appears that while the corporate codes of conduct, policies, and rules that are often inspired by consequentialist and deontological ethical approaches are helpful in many contexts, they are often inadequate in preventing and responding to corporate crisis. This inadequacy points to a need for a framework beyond traditional methods currently used to manage corporate crisis. The focus of virtue ethics on individual character, integrity, and moral motivation can help restore the sense of personal responsibility that can be eroded in corporate crisis. Based on the analyses of sample cases representing poor corporate crisis management, particularly in South Africa, and a review of the methods of moral disengagements that can be linked to different stages of a corporate crisis, the paper identifies and discusses six virtues that leaders must cultivate to respond to the crisis virtuously. The virtues discussed include compassion, caring, trustworthiness, justice, prudence, and honesty.

Opsomming

Korporatiewe krisisbestuur is 'n onderontwikkelde studieveld wat heelwat addisionele navorsing verg. Die rol van deugde-etiek in die reaksie op korporatiewe krisisse word nie voldoende aangespreek nie. In hierdie referaat voer ek aan dat deugde-etiek unieke voordele het in die konseptualisering van etiese reaksies in tye van korporatiewe krisis weens die klem op leiers se morele karakter. Ek voer verder aan dat die relevante deugde selfs gekweek kan word deur leiers wat aanvanklik nie deugsaamheid uitleef nie. Alhoewel die korporatiewe gedragskodes, -beleid en -reëls wat dikwels geïnspireer word deur die gepaardgaande en deontologiese etiese benaderings in baie kontekste nuttig is, blyk dit dikwels onvoldoende om 'n korporatiewe krisis te voorkom en daarop te reageer. Hierdie ontoereikendheid dui op die behoefte aan 'n raamwerk buite die tradisionele metodes wat tans gebruik word om korporatiewe krisisse te bestuur. Die fokus van deugde-etiek op individuele karakter, integriteit en morele motivering kan help om die gevoel van persoonlike verantwoordelikheid wat in sakekrisisse verval, te herstel. Op grond van die ontledings van voorbeelde van gevalle wat swak korporatiewe krisisbestuur verteenwoordig, veral in Suid-Afrika, en 'n oorsig van die metodes van morele onttrekking wat gekoppel kan word aan verskillende stadiums van 'n korporatiewe krisis, word die deugde van ses leiers identifiseer en bespreek watter deugde leiers moet aankweek om deugsaam op die krisis te reageer. Die deugde wat bespreek word, sluit in medelye, omgee, betroubaarheid, regverdigheid, omsigtigheid en eerlikheid.

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CHAPTER ONE: GENERAL INTRODUCTION.

1. Introduction.

1.1. Background and problem statement.

Poor handling of corporate crises has been a common problem facing many corporations worldwide, with some disastrous responses to crises happening in the South African corporations in recent years. The plethora of examples of South African companies that have suffered far-reaching monetary and reputational damage due to the poor handling of crises reveals a troublesome picture. In 2018, Ford South Africa responded poorly to incidences of fires that affected some Ford Kuga vehicles. The ordeal is now known as 'the Kuga crises.' Due to its poor handling of the Kuga crisis, the company suffered significant reputational damage (Theron-Wepener 2017). Listeriosis that surfaced from Tiger Brands' meat processing factories also ended in a crisis due to poor crisis management. Brown (2018) reported that the poor handling of the listeriosis crisis has resulted in reputational damage to the company, a 1.4 billion loss in revenue and a pending lawsuit. Steinhoff wrote off over R200 billion due to its financial crisis and its associated poor handling. KPMG South Africa is currently appealing for a second chance after being embroiled in a corruption scandal, worsened by its ineffective handling of the problem. VBS Mutual Bank collapsed in 2018 due to massive corruption by its top executives. McKinsey consultancy firm has suffered substantial reputational damage due to its role in South Africa's worst corruption scandals and its handling of the aftermath.

I will delve further into these cases in Chapter two, which is focused on the concept of corporate crisis management. Still, at a glance, this gloomy picture points to a situation in which business ethics is at a low level and to a state in which leaders are seemingly not equipped to guide their companies out of crises due to unethical behaviour. These corporate crises (and many others) demand the close attention of scholars and business leaders. Various scholars have described corporate crisis management's ethics as an underdeveloped field of study (Simola 2003; Sandin 2008; Seeger and Ulmer 2001; Bauman 2002). Sandin (2008:109) goes even further and classifies crisis

management ethics as a seriously underdeveloped field of business practice. Notwithstanding the ethics play a vital role in corporate crisis management, attention to the area is lacking (Simola, 2003:351). In particular, the role of virtue ethics in responding to corporate crises has not been given enough attention (notable exceptions, which I will consider in Chapter three in further detail, include Solomon, 1992; Wang, Cheney, and Roper, 2015; and Racelis, 2014).

In this paper, I will argue that although other ethical frameworks have roles in managing corporate crises, virtue ethics is a useful ethical framework for conceptualizing proper responses during corporate crises due to its emphasis on the leaders' moral character. I will argue that virtue ethics can be used as a framework for preventing corporate crises and managing them. I will develop these points in more detail when considering the phases of corporate crises in Chapter two (including pre-crisis, crisis event, and post-crisis). As Rossouw (2018:68) has noted, Aristotle's virtue ethics begins with the assumption that morality is necessary and vital to human beings. I contend that leading corporates out of disasters is often impossible if leaders have not cultivated the requisite virtues. The character of the leader has a central role to play in times of crisis. Within the South African context, which I will elaborate on in the next chapter, there are numerous instances where leaders have been unable to extricate their companies from business crises due to poor ethical leadership. Where people use the framework of virtue ethics to guide the individual's actions in the corporations, the crisis can significantly be avoided. Where the crises have occurred, virtue ethics can ensure that they can be better managed. While virtue ethics can help prevent and manage the corporate crisis, this paper focuses predominantly on the latter. In particular, the study focuses on how virtue ethics can be used as a framework to respond to the corporate crisis.

Virtue ethics can also be useful in underpinning ethical responses in times of crisis due to its emphasis on the crucial factors such as the individual character, individual virtues, integrity and moral motivation. It can have a vital role to play in various stages of the corporate crisis that I will discuss later in chapter two. While virtues can overlap the steps of corporate crisis development, some virtues are particularly relevant to particular stages. For instance, the virtues of care, trustworthiness, and honesty can be necessary to counterbalance the mechanisms of moral disengagements that can

be more dominant in the pre-crisis stage. I will deal with the subject of moral disengagement in more detail in Chapter two. While the virtues of honesty and prudence can be essential in all stages, the role of these virtues in the crisis stage can essentially restore the trust and minimize the impact of the crisis. Justice is especially vital during the post-crisis phase, as it can ensure that the stakeholders and victims of a crisis are treated equally and fairly. The title of the study is 'Crisis, Opportunity & Virtue.' Problematic as they can be, corporate crises can present unique opportunities for leaders to pay special attention to the realm of corporate ethics; this is especially true in the post-crisis phase.

The corporate crisis can pose severe dangers to the corporations' sustainability and must be prevented or managed well as reasonably possible. However, crises offer an opportunity for corporations to address ethical problems that lead to crises and strengthen corporations' moral capabilities. If handled correctly, a crisis can therefore be turned into an opportunity for ethical development. Due to its emphasis on the personal integrity, character attributes, and moral motivation of the individuals to act virtuously, virtue ethics presents a unique opportunity to serve as a framework to guide leadership ethics and ethical responses in crisis times. Also, owing to its ability to inspire people to cultivate virtuous character, virtue ethics can present an opportunity to encourage leaders to focus more on developing inspirational codes of ethics. It is worth mentioning that the traditional approaches to ethics within corporations often relies on fostering compliance to rules and laws by making a list of "thou shall not," instructing employees what to do without paying attention to teaching and inspiring them to internalize ethical behaviour. Such codes are more instructional code of ethics rather than inspirational codes of ethics. Modern-day corporate crises reveal a need to go beyond such codes of ethics and focus more on codes based on values and personal integrity.

As Yahnke (2017) articulates, there is a need to focus on a value-based approach to code of ethics, which focuses primarily on teaching employees to internalize ethical behaviour by understanding values and taking pride in their integrity. A well-formulated motivational code of ethics can inspire executives and employees to engage in behaviours that can prevent a crisis and help illuminate ethical responses where an emergency occurred. The post-crisis stage offers an opportunity for leaders of

corporations that suffered a crisis to assume ethical responsibility and pay attention to proper crisis management. The post-crisis phase offers opportunities when one corporation has suffered a crisis. Not just that corporation, but all corporations in a similar position (for instance, the same industry) tends to have the chance to reflect on their ethical practices, identify and resolve weaknesses that could potentially lead to crisis, and strengthen their ethical practices. Besides, even non-virtuous leaders (especially perceiving corporate crises around them) are given reason and motivation to cultivate the virtues that would help them avoid such a fate or help them navigate crises.

To further illustrate how a crisis can be used as an opportunity to excel in ethics, Abedian (2017) describes KPMG's failure as an ethical test for South African businesses and company directors. Abedian argued "the fact that a major business corporation such as KPMG has become complicit in the machinery of corruption is a golden opportunity for the business sector and company directors to reveal their own ethical values". It is worth mentioning that the chance to pay attention and excel in ethics exists for both the corporations that have suffered a crisis and those that have not suffered a problem. The corporations that have not suffered a situation can learn from those corporations' ethical failures that led to a crisis. Besides, they can also take stock of their business practices and behaviours, causing a problem, and taking proactive measures to prevent it from emerging. While I agree with Abedian's articulation on the opportunities to improve corporation ethics through a crisis, I believe nothing can be achieved without using the virtue ethics approach to managing the corporate crisis. Essentially, it remains to be seen whether the business sector and the company's directors will realize some lessons from the KPMG crisis and act per Abedian's foresight. In chapter four, I will explain how Johnson & Johnson used its Tylenol crisis as an opportunity to excel in corporate ethics. In the next section, I will explain the aim and rationale of the study.

1.2. Aim and rationale of the study.

My motivation for studying the topic of virtue ethics in corporate crisis management is predicated on several factors. Firstly, the emphasis of the virtue ethics on the leaders' moral character and their ability to transform the corporations is more appealing because I believe these factors can help restore the corporation and reinforce the good responses in times of corporate crisis. The perspective of responding to a crisis through character ethics is vital as character defects often cause the crisis. Seeger and Ulmer (2001:371) state that virtue ethics embodies a more wide-ranging exemplification of moral life due to its emphasis on a person's character. As recounted by Wang et al. (2015: 67), virtue ethics is more advantageous because it offers a sound framework for making sense of various corporate ethics issues by accentuating the individual's moral character and its transformational inspirations in motivating ethical business conduct. The transformational power of virtue ethics can be crucial in encouraging virtuous behaviour essential in navigating a corporate crisis. Besides, it can help answer the questions of what kind of leadership is required in crisis times and how leaders can respond to problems ethically. It can provide adequate guidance on what sort of actions leaders need to guide their corporations out of a situation.

Secondly, the virtue ethics approach's ability to pay particular attention to factors such as the virtuous leadership traits is more alluring because the attention to these traits is often ignored during a crisis, giving rise to inadequate crisis response as a result. Due to virtuous leadership traits, I believe virtue ethics can assist the crisis hit corporation in reinforcing ethical reactions in times of corporate crisis. For instance, leadership traits such as trustworthiness, prudence, and integrity can be essential when managing a corporate crisis and underpin good ethical response. I will further explore these issues when I suggest the particular virtues that I think are best suited to avoiding and managing corporate crises in Chapter four. This view is supported by Linsley and Slack (2013: 286), who indicate that the successful resolution of corporate crises depends mostly on the manager's exercise of the virtuous leadership traits. This suggests that managers who cultivated such character qualities will be able to respond to problems virtuously while the responses of those who lack such qualities will be ineffective. Besides, Racelis (2014:27) has found that virtue ethics provides an alternative and fresh perspective that is more helpful in understanding corporate problems because such view is largely based on the more vigorous and proper

examination of the character, individuals virtues, and integrity. It is worth mentioning that often when people are part of a collective (such as a corporation) that is undertaking some wrongdoing, they tend to have a diminished sense of responsibility. But virtue ethics—in its emphasis on individual character and the integrity of our motivations—potentially provides a counterbalance to this tendency.

The third reason involves the unique benefits found in virtue ethics. Whetstone (2001:104) identified four benefits of virtue ethics, three of which are more central to the study aims, as they make virtue ethics more applicable to corporate crisis management. First, virtue ethics is personal and practical, making it more accessible to the individuals and the corporation by extension. Due to its simplicity, virtue ethics can be framed to be easily understandable and used to guide an ethical crisis response. Secondly, virtue ethics focuses on people's motivations and the motivation to act, leading to a dynamic ethical understanding. Thirdly, virtue ethics is context-based. This shows that where there is a crisis, it can help understand the context of the situation and guide moral responses that are context-sensitive. The contextual nature of virtue ethics suggests that they can always be tailor-made to fit a particular environment and adaptable in different situations, thus responding well to various crises.

My rationale for engaging in the research topic is based on three factors at a more personal level. Firstly, as a social worker responsible for managing the employee wellbeing program in a State Owned Company (SOC), the interest was prompted by my keen interest and background in managing post-crisis interventions to the employees who become victims of crime, violence, and accidents. The interventions often include providing emotional support, care, and trauma counselling to affected employees. Secondly, as the ethics of corporate crisis management is considered an underdeveloped field of applied ethics, it also attracted me to develop a more in-depth insight into the area of corporate crisis management. Lastly, the persistently poor handling of corporate crises in the South African corporations also motivated me to engage in this field of study. While I will further explain these corporate crises in Chapter two, it is worth noting that the poor handling of the corporate crisis in South Africa points to a situation where business ethics is low. It also looks to a state in which

leaders are seemingly not equipped to guide their corporations out of crises due to unethical behaviour. In the next section, I will describe the chapter layout of the study.

1.3. Chapter layout.

Chapter two aims to explore the concept and nature of corporate crisis management in ways that explicitly serve my endeavour to advocate for the unique role of virtue ethics in corporate crisis management. The discussion of the state of corporate crisis management in South Africa is covered, as is the discussion of the concept of crisis management. The three stages of corporate crisis management will be discussed while highlighting the role of virtue ethics. It is worth mentioning beforehand that I will give sufficient attention to discussing the role of the mechanisms of moral disengagements in causing and or exacerbating the corporate crisis. Moral disengagements are the antithesis to virtues and will be tied with the specific virtues discussed in Chapter four.

Chapter three examines the three dominant ethical philosophies used to make moral decisions in applied ethics: consequentialist, deontological, and virtue ethics. I will consider more specific and focused critiques against consequentialism and deontological ethical frameworks. I will supplement these critiques by looking at the general points against these two ethical theories and their relevance to the corporate crisis. While discussing virtue theory, I will pay particular attention to explain the factors that make virtue ethics more appropriate ethically to corporate crises.

Chapter four presents a defence of virtue ethics in managing the corporate crisis. I will consider two specific objections to the criticisms made by Sandin (2008), specifically to the application of virtue ethics to corporate crises. Sandin framed the first criticism as "A more general problem with a virtue ethics approach to managing a corporate crisis is that it may not provide enough guidance for leaders who do not have virtuous dispositions." The second criticism that I will object to is that Ulmer and Seeger failed to advance virtue ethics because the three post-crisis virtues they regard as virtues are not virtues. I will dispute these criticisms and show how they are fundamentally inappropriate. Based on Moore's 2005 paper titled: 'Corporate character: modern virtue ethics and the virtuous corporation,' I will revive a discussion of a notion of a

corporate character where I will explain the concept of a virtuous corporate character. Chapter four is more interlinked with Chapter two and complement its discussions. Based on the mechanisms of moral disengagements discussed in Chapter two, I will identify and discuss counterbalancing virtues, which leaders must cultivate to respond to corporate crisis virtuously. My ethical approach to corporate crisis response consists of the following six virtues which leaders must cultivate: compassion, caring, trustworthiness, justice, prudence, and honesty. I consider these six virtues crisis response virtues.

Chapter five concludes the study.

CHAPTER TWO: EXPLORING THE CONCEPT OF CRISIS MANAGEMENT.

2.1. Introduction.

When a crisis occurs in a corporation, it is vital to manage it ethically. Some scholars (Khattab, Fonn & Ali 2017:16) have explained that it is almost impossible for a corporation to avoid crises, and it is crucial to understand this when looking at this subject. Corporate crisis management aims to manage corporations so that leaders can prevent a potential crisis or ensure that the crises' damage is minimised where situations have occurred (Pearson and Clair 1998:61). Glamuzina and Lovrinec (2013:90) regard crisis management as a relatively new management field that involves several important activities that must be performed by management. These activities include identifying the nature of a crisis, interventions to minimise the crisis's impact, and activities relating to recovery from a situation. It worth mentioning that besides restoring the damage done by a crisis to the corporate image, these crucial activities must also reassure and convince the stakeholders that the business recovery is happening.

As already explained in chapter one under the chapter layout, this chapter aims to explore corporate crisis management's concept and nature. This will be done in ways that help my endeavour to advocate for the unique role of virtue ethics in corporate crisis management. In the next section, I will be looking in more detail at a series of case studies from South African-based corporations severely affected by poor management of their respective crisis. I will use these examples as points of reference throughout the chapter and in those that follow. After that, I will provide a conceptual analysis of 'corporate crises.' A discussion on crisis management stages will then follow: including pre-crisis, crisis event, and post-crisis. While discussing the stages of corporate crisis, I will consider the usefulness of virtue ethics at the different stages of corporate crises. I will also think about which specific virtues are most beneficial to the various steps of corporate crisis management. I will go on to argue, in Chapters three and four, that virtue ethics has a unique role to play at each of these phases.

2.2. The state of crisis management in South African corporations.

Since the focus of the present chapter is on corporate crisis management, I must give a synopsis of corporate crisis management in the South African corporations early in

the section. From a business ethics perspective, the widespread scale of corporate crises that have plagued South African corporations in recent years deserves particular attention because it is often the unethical behaviour and subsequent dishonest responses of leaders at the centre of these crises. As has been witnessed playing out in the corporate sector, South African crisis-hit corporations often experience significant monetary and reputational damages, with some even collapsing due to unethical behaviour and the subsequent responses to these crises. For the present study, I will only review a few examples of South African corporations that have suffered far-reaching monetary and reputational damage due to poor crisis management and lack of ethics.

In 2018, Ford South Africa suffered significant reputational damage due to the poor management of fires' incidences that affected some Ford Kuga vehicles' Kuga crises. The fires were caused by what the National Consumer Commission of South Africa determined in 2019 as an engine overheating problem that had caused fires in some vehicles. As soon as it was evident in 2017 that Ford SA was managing the Kuga crisis poorly, the South African media responded to the situation with some worrisome headlines, which confirmed the corporation's depth of poor crisis management. Only a handful of these headlines will be reviewed here: Moeng (2017) reported that the Ford Kuga crisis management has gone entirely wrong. The failure of Ford SA to respond in time was also a problem.

As Buthelezi (2007) recounted, "Ford's response to Kuga crisis too little, too late". Buthelezi further argued, "they waited far too long before they acknowledged that there was a problem, and when they did, they became very defensive. It's almost like they said 'it's not my fault' - they were blaming everybody". The wrong approach to Ford Kuga crisis management is what was at the center of the problem. Skae (2017) recorded in his article that Ford SA's response to a crisis was severely flawed when it was supposed to be ethical. Other authors focused more on drawing lessons from the Ford Kuga poor crisis management. Using Ford SA failure to manage a crisis, Theron-Wepener (2017) focused on drawing lessons on how not to address a problem'. Similarly, Kamhunga (2017) also used Ford's failure to manage a crisis as an opportunity to provide lessons on how not to deal with a situation'. As these storylines reveal, the Ford Kuga crisis was mostly aggravated by its leader's unethical response

to the problem. The inadequate response of the corporation's leaders could be attributed to unethical behaviour.

In early 2018, the Tiger Brand's processed meat factories were identified as being the source of a deadly listeriosis outbreak that has killed around 200 people. From the beginning, the company's leaders handled the crisis poorly. Most notably, the company response was too slow, not compassionate, and marked by poor communication. Tiger Brands' poor handling of the listeriosis crisis resulted in estimated reputational damage to the company at R1.4 million in 2018, as well as a pending lawsuit. In response to the listeriosis crisis, the local and international media responded to the situation with gloomy news headlines, revealing the seriousness of the crisis's poor management. The outright failure to manage the crisis was a severe problem. As Johnson (2008) reported in March 2018, "Tiger Brands' failed attempt to manage the listeriosis crisis is costing them severely."

Similarly, according to Head and Kleyn (2020), Tiger Brands' poor handling of the crisis has severely affected the company. Financial and reputational effects were dire. The company's sales were also affected by the crisis. As Hedley (2019) divulged, the Listeriosis crisis led to Tiger Brands reporting sales significantly lower when it did not have to be that way. Struweg (2018) articulates that what worsened the Listeriosis crisis was three significant mistakes: slow response speed, lack of continued engagement with the public, and failure to show compassion. As Bowker and Hill (2018) noted, Tiger Brands was more hurt as a weak economy adds to the Listeriosis crisis. As these news headlines expose, the corporate leaders' unethical behaviour contributed to this crisis's poor management.

The Steinhoff debacle involving off-balance-sheet entities to hide losses and inflate earnings is regarded as the most significant corporate fraud case in South African business history. In 2018, the media widely reported in South Africa that Steinhoff International wrote off over R200 billion due to its financial crisis and its associated poor handling. Also, the Steinhoff crisis knocked down the pensions for thousands of ordinary South African workers. Rossouw (2018) made a clear link between Steinhoff's crisis and unethical behaviour in his observation. He observed that the Steinhoff scandal points to significant gaps in stopping unethical corporate behaviour. In an

attempt to explain what led to the Steinhoff crisis, Skae (2018) points to holes or weaknesses in Steinhoff's management as the cause of the situation. While Steinhoff's former leaders' unethical behaviour is the root cause of the problem, how the corporation manages the crisis was defective and problematic, which only worsened the situation.

Since early 2018, KPMG South Africa has been attempting to appeal for a second chance after being embroiled in a corruption scandal concerning aiding the infamous Gupta's family in corruption and tax avoidance. The scandal was worsened by KPMG denials and ineffective handling of the problem. In an opinion piece written for the Daily Maverick, Head (2017) clearly articulates that KPMG worsened the crisis by its inadequate response instead of managing it. This failure reveals a poor state of crisis management, especially for the company that has been marketing itself internationally as the leader in corporate crisis management. Abedian (2017) described KPMG failure as argued that the KPMG scandal generated an opportunity for ethical reflection throughout the corporate sector.

African Global Operations (formerly Bosasa) unsuccessfully fought for survival after overwhelming revelations emerged during the State Capture Commission's inquiry that it was involved in large-scale corruption with politicians and government officials. As revealed by the VBS Mutual Bank scandal, South African banks are not immune to corporate scandals, which triggered a crisis. VBS Mutual Bank collapsed in 2018 due to massive corruption by its top executives. In response to the situation, leaders resorted to denials, diffusion, and displacement of responsibility. They also downplayed the consequences of their actions. All these defenses worked to aggravate the crisis and collapse the bank.

McKinsey consultancy firm has suffered substantial reputational damage due to its role in South Africa's worst corruption scandals and its handling of the aftermath. These cases are just the tip of the iceberg. In South African state-owned companies and government departments, the situation is even more problematic. As Du Toit (2019) enunciated, "almost all state-owned companies were victims of state capture which saw the proliferation of poor governance, deliberate mismanagement and the inefficient allocation of resources". As the example of cases discussed above reveals,

the factors that contribute to the corporate crisis are often centered on the individuals' unethical conduct and reveal a situation in which corporate ethics are neglected. In the next section, I will look at the concept of corporate crisis management.

2.3. Conceptualising the concept of corporate crisis management.

A good starting point in understanding the corporate crisis is to look at the idea of a crisis, which is defined differently by various scholars. John and Pearson (2017), Coombs (1999), and Sandin (2008) are among the scholars who provide useful definitions of the concept of a crisis. While I will not list all their expositions here, it is crucial to explain their definitions' common features. These definitions have in common the essential factors that define the crisis as often unexpected, inherently disruptive, undermine the corporation's goals, and often cause reputational damage, potentially harming the surrounding population and environment. From these aspects, a critical element that best captures my ideas about the corporate crisis is the impact of a crisis on reputational damage and social harm. In other words, my focus is on those corporate crises that cause social harm and damage the reputation of corporations concerned. For instance, the cases I discussed above have caused significant reputational damage to the corporations' corporate images. The definition that is most useful for my purposes is provided by Grimmelt (2017:03). Grimmelt defines a crisis as "a sudden event or set of circumstances that could significantly affect a corporation's ability to carry out its business, which damages a corporation's reputation or threatens the environment or the health, safety, and well-being of employees, customers, or the public at large". For this report, the term crisis will not include any form of a situation caused by natural disasters.

The amplification of the concept of a crisis paves the way for defining the concept of crisis management. John and Pearson (2017:04) observed that business scholars define crisis management as comprising the activities an organization conducts to prevent or mitigate a crisis. The discussions in the paper are based on Grimmelt's (2017:03) definition of crisis management, i.e., "the overall coordination of an organization's response to a crisis in an effective and timely manner, to avoid or minimize damage to the organization's profitability, reputation, or ability to operate,

and often involves the need to make quick decisions based on uncertain or incomplete information."

Crisis management is a broader field of study, with many different sub-areas. Glamuzina and Lovrinevic (2013:90) identified critical areas of crisis management: defining the crisis; isolating the crisis; crisis communication; controlling the damage; assembling a crisis management team; creating a crisis management plan; crisis intervention with crisis forecasting and taking responsibility for the outcome. This research's primary interest is exploring crisis management ethics and not merely what phases a response consists of, but what a virtuous, ethical response entails. In particular, I will argue that virtue ethics is highly relevant in corporate crisis management and can guide leaders in responding ethically to the crisis. To avoid any confusion, I must make a distinction between crisis management and crisis leadership. Mitroff (2004:57) offers a crucial difference in his analysis, i.e., that crisis management is mostly reactive and recognizes a crisis after it happens. Crisis leadership is proactive and tries to identify the crisis to prepare the company for the crisis's consequences before it happens. The study's focus is on reactive ethical responses to crisis management rather than on preventing a crisis (proactive actions).

From this conceptual analysis, it is essential to highlight that my particular interest is not in any form of a crisis but in situations that cause severe reputational damage to the corporation. As Glamuzina and Lovrinevic (2013:90) clearly articulated, a crisis event presents a severe threat to a company's business. In view of the differences between crisis leadership and crisis management clarified above, the study's primary focus is more on ethical crisis management than crisis leadership. The concepts and other related issues clarified in the conceptual analysis above lays the groundwork for my argument regarding virtue ethics. Since the ethical issues for corporate crisis management are often embedded within crisis management stages, it is essential to discuss crisis management steps. I am looking at these stages because they identify different unethical behaviours that cause and exacerbate the crisis. In chapter four, I will use counter-balancing virtues as the basis to develop the virtue ethics approach. The stages are discussed in the next section.

2.4. Stages of corporate crisis management.

When corporations are facing crises, they go through various stages. Scholars in crisis management generally explain these crises as a three-stage model comprising pre-crisis, crisis-stage, and post-crisis. This three-stage model will be used to conceptualise the stages that, regardless of nature or the cause, corporate crises go through.

2.4.1. Stage one: Pre-crisis.

Pre-crisis is a period of normalcy between crises, during which time complacency of leaders tends to be a standard feature (Craig, 2017:417). During this stage, the corporation typically believes that it understands its risks and can also manage them well. The longer it takes for corporations to suffer a crisis, the more the leaders become overconfident and pay less attention to preventing a crisis. The leader's overconfidence and arrogance are vices that often lead to trouble. Chapter four will propose compassion and prudence as virtues that need to be cultivated to counterbalance these vices. When leaders are over-confident about their abilities to avoid a crisis, they tend to reduce funding for emergency exercises, safety measures, training, and other types of crisis prevention measures, increasing the likelihood of suffering a crisis. This self-satisfaction is not the only barrier to crisis prevention.

Craig (2017:417) identified three main obstacles to crisis prevention, which disorganise and undermine crisis prevention efforts during the pre-crisis stage. He also identified five more social biases and six cognitive biases suffered by corporate leaders in addition to these obstacles. From all these, I will mainly focus on six common problems that are central to my study. First, when corporate leaders adopt unrealistically favourable positions that deceive themselves into believing that a problem does not exist or is not severe enough to warrant action, the efforts to prevent crises are often undermined. Deceitfulness, either done to self or others, is immoral conduct that needs to be addressed. The second problem leaders often make is to interpret the events in self-centred ways favourable to themselves. Manipulating events and analysing them in self-centred ways is unethical and has a high likelihood of contributing to the crisis or thwarting crisis response efforts. The third problem involves the tendency of the corporate leaders to ignore the medium to long term costs

of their actions and refuse to invest the resources required to prevent future crises and undermine efforts to prevent crises. Resistance to take action and being stubborn in the face of a potential crisis is immoral.

The fourth problem encompasses the corporate leaders' desire to maintain the status quo by resisting taking any action that would affect themselves personally in addressing the mounting issue. This only works to thwart efforts to prevent a corporate crisis. The fifth problem involves the leaders' tendency to resist identifying and acknowledging problems. The problems' magnitude is minimised, resulting in problems not seen as vivid or presenting a visible, direct, and urgent threat to the corporation. The last issue that happens is that there tends to be nothing that motivates members to act ethically during the pre-crisis stage, often because leaders have a way of rewarding unethical behaviours, as long as it benefits them. This last problem relates to the vice of selfishness, significantly where leaders advance their interests at other's expense. When combined, these problems create a partisan, unjust, and unfair corporate environment which erodes ethical behaviour.

Chapter four will propose the specific counter-balancing virtues necessary to cultivate to minimise the crisis the likelihood or impact of a problem. I will mainly consider honesty, compassion, caring, trustworthiness, prudence, and honesty as the main virtues leaders must cultivate to remedy the six problems discussed above.

Bandura (2002:101) offers an expanded and profound version of what happens typically in corporations during the pre-crisis stage and explains these in terms of moral disengagements. Bandura observed that moral disengagement involves many psychosocial manoeuvres by which moral self-sanctions can be disengaged from inhumane treatment or behaviour. Bandura, Caprara, and Zsolnai (2000:58) articulate that moral disengagement methods permit people who are otherwise good to commit transgressive acts without experiencing personal distress and subsequent personal responsibility for those transgressions. The point articulated by Bandura, Caprara, and Zsolnai is vital to note when we consider virtue ethics since the focus on individual character, integrity, and motivation might help restore personal responsibility eroded by corporate crisis in collective contexts such as corporate environments.

Bandura (2002:101) identified several mechanisms in which people engage in moral disengagement, which tend to be common during pre-crisis. It is essential to discuss these mechanisms because they are antithetical to virtues. I will discuss four of these mechanisms below. Later in chapter three, I will discuss two more of these mechanisms when considering the criticisms of consequentialism.

- **Moral Justification:** Moral justification holds that people engage in unethical behaviour only when they have convinced themselves of their actions' morality. Bandura (2002:103) pointed out that people often make unethical behaviours acceptable to others by connecting and justifying them with socially or morally good reasons in the process of moral justification. Bandura argues that this makes it easy for people behaving unethically to present themselves as moral agents, whereas they are engaged in wrong doings (including human abuse). The moral disengagement involving the moral justification relates to the vice of deceptiveness. While I will look at the weaknesses of consequentialist ethical frameworks in the next chapter, it is worth mentioning that consequentialism creates environments that contribute to moral justifications. Moral justifications weaken ethical behaviours because they allow people to justify the consequences of their actions (including those that are wrong).
- **Advantageous Comparison:** Bandura (2002:103) has observed that how a behaviour is viewed is coloured by what it is compared against. By comparing one's acts with others, unethical actions can be made to appear morally right or justifiable. According to Bandura, there is an association between favourable comparison and cognitive restructuring. Besides, The comparisons intended to defend themselves are the most common form of manipulation (Bandura, 2002:106). These advantageous comparisons serve to undermine organisational ethics and make corporations more prone to experiencing crises. Advantageous comparisons can be caused mainly by consequentialist thinking, which allows people to justify the consequences of their actions even though they are wrong.
- **Disregarding or distorting the consequences:** People also weaken the crisis prevention efforts during the pre-crisis stage when they ignore or discount the costs of their actions. In this process, disputing available evidence and misrepresenting facts for personal benefits are common before a crisis occurs.

These behaviours work to weaken the crisis prevention measures, thus increasing corporate vulnerability to crises.

- **Dehumanisation:** Dehumanisation is the process of depriving a person or group of positive human qualities. When this happens, certain people become targets of inhumane treatment. This is another common way in which people weaken crisis prevention efforts during the pre-crisis stage in corporations. Bandura (2002:106) provided a good account of how dehumanisation can operate in the corporation when he points out that in situations where people are stripped of human qualities, self-control for unethical behaviours is likely to be disengaged, creating environments where such unethical actions will continue. Once people are dehumanised, they are discredited and viewed as sub-humans instead of people with genuine hopes, worries, and emotions. Dehumanising another person is immoral and universally unacceptable conduct. Dehumanising is a direct opposite of compassion, which I propose as a counter-balancing virtue in chapter four.

2.4.2. Stage two: crisis event stage.

Stage two is when an actual crisis event occurs, and a scene where ethical responses become essential. The crisis event stage often ends when the situation is resolved. The crisis event is often aggravated by the actions of the different stakeholders of the corporation. Mordaunt and Cornforth (2014:228) argued that corporate suppliers, private lenders, and banks often aggravate the crisis event by instituting actions such as legal action demands for repayment of loans placing credit limits. Noteworthy in this stage is Craig's (2017:421) observation that the recognition that a crisis has occurred often induce strong emotions such as denial, blaming, guilt, shock, resentment, panic, and mistrust. From these emotions, critical elements that I see as the cause of severe problems and worth further discussion is the lack of trust, dishonesty which can be linked to the denial of the problem, and a reduction of a sense of responsibility that can happen when people are shifting blame. As the arguments in chapter three will show, the consequentialist thinking will exacerbate some of these problems. The counterbalancing virtues of these problems will include honesty, prudence, and trustworthiness. I will discuss this virtue in more detail in chapter four.

The role of the leader during the crisis stage is of paramount importance. Craig (2017:422) highlighted four critical tasks that ethical leaders must perform during a crisis stage. First, leaders must recognise and acknowledge that the crisis has happened. As soon as leaders realise that a crisis has occurred, they should engage others and help them to learn that the corporation is in danger and to see the urgent need to extricate the corporation from the crisis. Second, as soon as the recognition of the crises is achieved, leaders must then prioritise the threats of a situation to humans, property, and the environment and then implement a crisis management plan, set up a team to manage the problem, and focus on controlling the damage triggered by the crisis.

Third, the leaders must deploy personnel and allocate the necessary resources to manage the crisis. Leaders should also pay sufficient attention to the required equipment and logistical arrangements for transportation, phones, office space, media, emotional and medical needs. Fourth, the most senior executive must take full responsibility in a severe crisis and directly engage the stakeholders and the public. Taking full responsibility plays a role in preventing misinformation and showing the executives' commitment to managing the crisis. The successful management of these activities will determine the success of post-crisis activities. The different tasks of a leader highlighted above underline the importance of leadership during times of crisis. In the crisis-event stage, a leader should possess and demonstrate requisite virtues when executing these tasks, including honesty, compassion, prudence, care, justice, and trustworthiness.

2.4.3. Stage three: post-crisis.

After the crisis has been stabilised, trust with the directors and executives tends to develop. To increase the corporation's efficiency after the crisis, the focus for both the board of directors and the executives must often become working together to form a more mature and collaborative relationship in the corporation's best interest. Sharing power equitably, enhancing transparency, and checks and balances become the corporation's top priority during the post-crisis stage (Mordaunt and Cornforth, 2014:228). Ethical leaders' roles are essential during the post-crisis phase, mainly

because virtues must underline the leader's character while executing the tasks. The main virtues associated with this phase include justice, caring, and compassion.

Craig (2017:423) identified three main functions that must be executed in the post-crisis stage. The first task involves the corporation investigating the event and thorough analyses of what went wrong. As Craig clearly articulated, the post-crisis stage's primary goal is to determine the cause and extent of the wrongdoings that lead to the crisis and install measures and systems that will help prevent a repeat of the crisis future. From an ethical point of view, Craig views the post-crisis stage as an opportunity for leaders to assume moral responsibility by reviving the ethical legitimacy of the corporation that suffered a crisis. As the corporate crisis usually damages the organisation's corporate image, leaders must pay sufficient attention to addressing the corporate image crisis's impact. After the crisis, leaders often spend a great deal of time rebuilding the organisation and restoring public trust. Post-crisis is a phase where demonstrating the virtue of trustworthiness is most vital.

The second task the ethical leader must do in the post-crisis stage involves encouraging the entire corporation to learn from the crisis experience to prevent a similar crisis. Craig (2017:423) identifies three common forms in which organisational crisis learning takes during post-crisis. These are retrospective learning, reconsidering structure, and vicarious learning. Weick (1995:301) described retrospective sensemaking as a process in which vague and uncertain events are correctly examined and interpreted to develop a sense and understand the circumstances better. Reconsidering structure involves making significant changes in the structures and systems of the corporation after the crisis. Craig (2017:423) described this as making substantial changes in leadership, mission, organisational structure, and policies due to the crisis event's disruption. Vicarious learning is a process where an individual's desired behaviour or a group is used to reinforce similar thoughts, attitudes, and behaviours on the part of observers (Corey, 1996:293). The vicarious learning process accords corporate members with conducive learning opportunities to perform desired acts through a well-designed strategy without learning such acts through trial and error learning.

The third task involves creating an environment that promotes healing to those affected by a crisis. Recovery helps members move beyond the crisis. Promoting healing requires the virtue of justice, compassion, and caring, which will be discussed in chapter four.

2.5. Conclusion.

There is a strong and undeniable association between crisis management and ethics. This chapter has explored the concept and nature of the corporate crisis and its relevance to virtue ethics. How I explored the idea of corporate crisis management contributed to advancing my undertaking of advocating for the unique role that virtue ethics has in corporate crisis management. The chapter started with a discussion of the state of corporate crisis management in South Africa. This discussion was focused precisely on corporations that suffered severely from the corporate crisis due to the leader's poor management of the situation. I will use these corporations as references when I discuss the specific virtues later in chapter four. To help the readers understand the context in which terms are used in the paper and avoid any potential confusion, I clarified three common concepts: the concepts of crisis, corporate crisis, and crisis management. I discussed three stages of corporate crisis management (pre-crisis, crisis-stage, and post-crisis) while highlighting the role of virtue ethics in each step. I covered the discussion on the role of the mechanisms of moral disengagements in causing and exacerbating the corporate crisis. I identified the means of moral disengagements as antithetical to virtue, and I will link these mechanisms with the specific virtues that I will discuss later in chapter four.

CHAPTER THREE: ETHICAL THEORIES FRAMEWORKS FOR ETHICAL DECISION MAKING

3.1. Introduction.

In applied ethics, making ethical decisions does not happen by chance or accident, but through a thoughtful, rational process involving applying different moral frameworks. The chapter will discuss the three main ethical theories used in applied ethics to make moral decisions: consequentialism, deontology, and virtue ethics. The chapter aims to look at specific limitations of consequentialism and deontological frameworks in the precise context of the corporate crisis and show why virtue ethics avoids these particular limitations. I will also look at and respond to some of the general criticisms of virtue theory (since I will look at the weaknesses of consequentialism and deontology). It is noteworthy beforehand that I do not hold a view that virtue ethics is the only way to look at corporate crises. Although there is an essential role for consequentialist and deontological considerations, virtue ethics has a unique and vital role. In the next section, I will be examining the three ethical theories, and I will start with utilitarianism (also known as the ethics of consequences).

3.2. Utilitarianism.

It is often the consequences of a person's conduct, which are used as a basis for judging the rightness or wrongness of a person's behaviour. The critical aspect of consequentialism is that nothing is right or wrong intrinsically or "in itself." It is only right or wrong extrinsically or based on outcomes. For consequentialists, the right action is the action with the best consequences. Utilitarianism is a form of consequentialism which defines the best consequences as the maximisation of utility. This utility can take many different forms, but people often talk about maximising happiness and minimising suffering. The main idea of utilitarian ethics is that, in any given situation, a person should always try to achieve the greatest good for the greatest number of people involved. It would not even be diluted by concerns such as a need for justice if an unjust outcome led to the best consequences.

According to Rachels (2019:118), utilitarianism can be well understood by looking at it through the lens of three propositions. The first proposition is that the morality of an action depends only on the consequences of an action. It is only the consequences of an action that matters and which must be considered when judging morality and nothing else. Secondly, the consequences of an action matter only as they involve individuals' greater or lesser happiness. Lastly, the pleasure of each individual is given equal consideration when assessing the consequences of an action. The status of a person in society does not matter as people are considered equally. Utilitarian ethics are not interested in the intentions for actions or character attributes, but only with the consequences of actions. The consequentialist theory has several variations. For this discussion, I will discuss two main variations: act utilitarianism and rule utilitarianism.

3.2.1. Act utilitarianism.

From the act utilitarianism viewpoint, the right act is that which maximises utility. An assessment of which action will produce the greatest balance of good over evil forms a central part of act utilitarianism. A person is encouraged to act only if the outcome of the act will maximise utility. But it is worth mentioning that utilitarianism can justify doing "bad" things on the downside, provided the act maximises utility. For instance, if the most utility can be gained from killing one person to harvest his organ(s) and save five people, it would be considered the right action even though something "bad" has to happen to achieve it. I see this as a downside of act utilitarianism.

3.2.2. Rule utilitarian.

As many people shared the objection that act utilitarianism often leads to morally indefensible and troublesome conclusions, philosophers formulated rule utilitarianism to modify act utilitarianism. So philosophers proposed and developed rule utilitarianism as the defence against this objection. Contrary to act utilitarianism, which is more concerned with the consequences of the act, rule utilitarianism is more concerned with adhering to rules which maximise utility. Rachels (2019:127) articulates that in rule utilitarianism, individual actions are assessed and judged whether they are morally right or wrong based on whether they adhere to the rules or not. Actions consistent with the standards are deemed moral, while acts that are not consistent with the laws

are immoral. Rule utilitarianism emphasises the importance of adhering to moral rules while maintaining that these rules must always be framed based on the principle of utility. In rule utilitarianism, selecting, revising, and replacing the existing rules must only be done based on the principle of utility, which is the only ultimate standard of utility (Kerridge et al., 2013:16).

Discussing the consequentialist theory in the context of the research topic naturally raises some critical questions, which deserve attention. Can consequentialist theories provide a useful framework for responding to the corporate crisis? What makes consequentialist theories unsuitable or limited for managing a corporate crisis? In an attempt to answer these questions, I will consider more specific and focused critiques against consequentialism. I will then look at the general points against consequentialism and their relevance to the corporate crisis.

3.2.3. Criticisms of utilitarianism.

Rachels (2019:121) offers four main shortcomings of utilitarianism, which deserve some consideration. Firstly, Rachels argues that utilitarianism conflicts with the notion of justice because it encourages situations where wrong actions can achieve the best outcome. A typical example would include telling lies and blaming an innocent person for stopping rampant riots, bringing peace, and saving lives in society. Lying and accusing an innocent person is immoral, and it should not be tolerated even though it can produce a good outcome. It is worth mentioning that in chapter four, I will discuss justice as a virtue. The second shortcoming is that utilitarianism does not make the protection of human rights a priority. Rachels argues that if most people would be happy if someone's rights are being violated, utilitarianism does not object to the abuse of the person's rights because the majority's pleasure outweighs the few people's happiness.

Thirdly, Rachels argues that utilitarianism is faulty because it completely ignores the past facts, including those that could be especially important to actuate our obligations. It is only interest is on the consequences of our actions. As Rachels puts it, utilitarianism is incorrect because it excludes backwards-looking reasons. The fourth shortcoming involves the impractical and challenging requirement of treating each

person's happiness equally. This implies that we must be similarly concerned with the pleasure for our strangers and our close family members equally. The ideal world where everyone is treated just equally can be impossible to attain. Rachels argues that this requirement places too many demands on people, it is impractical, and it requires us to do things that put interpersonal relationships at stake.

I am now going to consider the general points against consequentialism and their relevance to the corporate crisis. Kerridge et al. (2013:16) has identified nine weaknesses for consequentialist theories. I will only consider four of these nine weaknesses due to their relevance to my study aims. The first weakness in using consequentialism shows that utility is a relative concept that can be confusing and impractical in making ethical decisions when a corporation is facing a crisis. As Kerridge et al. (2013:16) clarify research shows that it is challenging (if not impossible) to assess and quantify variables central to consequentialist theories such as happiness or quality of life. It is also complicated and nearly impossible to accurately compare all possible action outcomes before implementing it. The second weakness is that it is not sufficient for a person to decide on the moral course of action to follow when that decision is based on the consequences alone. By its very nature, a crisis is a complicated event. There tend to be many factors involved in a corporate crisis, which requires different aspects to be considered when making moral decisions than just consequences.

The third weakness is that utilitarianism conflicts with a broad spectrum of the values and beliefs commonly accepted in society. Due to this, it can inevitably lead to conclusions that are morally unacceptable when responding to the corporate crisis. In a situation where a corporation has suffered a crisis, consequentialism can reach moral conclusions that can have devastating effects on the stakeholders and thwart crisis recovery efforts. As Kerridge et al. (2013:16) have articulated, utilitarianism can allow actions that are totally against collective morality, such as abuse, murder, or cruelty, if these actions are considered to lead to the best overall consequences. Lastly, consequentialist ethical theories can easily permit unfair rules and allow the minority's interests to be unreasonably overridden by those of the majority. The emphasis is placed on the net utility rather than on factors such as equality or justice. This problem can be especially worrying in the context of a corporate crisis, where all

stakeholders' interests, including those of the minority groups, must be respected and embraced.

In addition to reasons advanced by Kerridge et al., consequentialist theories are also not adequate to deal with preventing and responding to corporate crises because it encourages the sense of reduced responsibility that can occur in unethical corporate practice. When people are part of a collective behaving unethically, they tend to be influenced by group-think mentality than their independent thinking processes. When people contribute to some trouble, they think of their behaviour in consequentialist terms. They might think like "what I do doesn't matter"; or "what difference does it make, it's happening anyway." The idea of guiding moral decisions based primarily on thoughts like these is a very consequentialist way of thinking because since it's preoccupied with outcomes. On the other hand, virtue ethics is concerned with fundamental factors such as character, integrity, and moral motivations. These factors matter significantly irrespective of what "difference" a person's decisions are making. So virtue ethics can potentially provide a useful moral guide for individuals involved in collective wrongdoings. Virtue ethics might be a favourable approach to guiding ethical conduct amongst groups or collectives. When people consider behaving virtuously, it is concerned fundamentally with themselves and not with what everyone else is doing. When people in a collective think in consequentialist terms, displacement and diffusion of responsibility are likely to happen. This can significantly increase the likelihood of a crisis occurring or make it hard to ethically respond to the problem. I will further explain the diffusion and displacement of responsibility because these challenges are fundamentally based on consequentialist thinking, making it challenging to manage a situation.

People often view their unethical actions as caused by external factors such as others' behaviour, social pressures, and unfavourable history. People avoid accepting personal responsibility by explaining their unethical behaviours regarding external rather than internal factors. Bandura (2002:107) elucidates that because people view their actions as externally determined, they are spared personal responsibility and self-censure. When people think as part of a collective, they also thwart the efforts to prevent a crisis by a moral disengagement involving diffusion of responsibility. Diffusion of responsibility holds that when people do things as a group, they tend to

behave irrationally rather than when acting individually. According to Behnk, Hao, and Reuben (2017:01), diffusion of responsibility consists of reducing the “intrinsic disutility that individuals incur from acting antisocially because more people are involved in the decision-making”. Due to the weaknesses described above, it is clear that consequentialist ethical theories may not necessarily serve as a useful framework for providing proper responses when a corporation is facing a crisis.

3.3. Deontology.

The deontological approach to ethics is sometimes referred to as the ethics of duties because it views morality as a duty or a moral rule that must always be followed. In the deontological approach, the consequences of an act do not determine the ethics of the act. Instead, it is concerned with whether the action is intrinsically right or wrong instead of consequentialism's extrinsic focus. As Van Staveren (2007:23) has clearly articulated, deontological ethics involves following universal rules that specify what is right or wrong, and what people must do and how they should behave. Immanuel Kant is regarded as the central figure of the deontological approach.

Kant begins with the idea that one should always act for a reason and that there should be something that one takes to justify the action (Hooker, 1996:01). Central to the deontological ethics is the best-known concept of categorical imperative formulated by Kant: “Act only according to that maxim by which you can at the same time will that it should become a universal law” (Van Staveren 2007:23). Van Staveren further clarifies that deontological ethics’ vital insinuation is that human beings must not be used as a “means for other people’s ends. People should still be regarded as ends in themselves”. This indicates that promoting respect and protecting human rights and dignity must always be prioritised, irrespective of the consequences.

3.3.1. Criticisms of deontological ethics.

Relying on the principle-based ethical theories to respond to the corporate crisis can have several weaknesses.

This section will start by discussing the main criticism that scholars often make against Kant's ethical theory. In particular, I will deliberate on Kant's idea that moral rules have no exemptions. I will then consider the specific weaknesses that principle-based ethics can have in the context of corporate crisis management. The main problem with Kant's theory concerns the absolute nature of rules, making many people wonder whether there are absolute moral rules. Kant's theory holds that moral rules are definite rules that people ought to follow 'no matter what'. At the heart of this criticism is the requirement to follow the rules regardless of the consequences of following such rules. Rachels (2019: 136) has argued that because there are so many situations that we can quickly point to which shows that following the rules, 'no matter what,' can have catastrophic consequences, it is easy to explain why we should sometimes break the rules and act contrary to Kant's ethical theory. It is indefensible how a person cannot break a rule can have devastating consequences.

Suppose that following a particular rule will have a likelihood of putting you at risk of losing your life, would it be justifiable to follow such a rule? Many reasonable people who value life could not follow such a rule when their lives are in danger. Following rules regarded as absolute moral standards that people must always follow regardless of the consequences is problematic due to the disastrous consequences such rules can have to those who follow them and to other people. In life, there are situations where the effects of following some rules can be severe to the point that many people would choose to break the rules than wait for dreadful things to happen. Suppose your daughter (and the only child you have) faces a trial in which the guilty verdict will see her getting a life sentence. You are the only witness whose testimony is required in court to either exonerate her or lead to a guilty verdict. If telling a lie would absolve her, would you chose to tell the truth and see your daughter getting a life sentence? Many parents who love their children would prefer to defy Kant's ethical theory by telling a lie to protect and absolve their children from getting a life sentence. This example shows that universal rules are not always helpful in every situation because situations are different. While rules are important, people must have the flexibility to

break some rules when it is necessary to do so. Kant's ethical theory lacks this flexibility.

I will now consider other weaknesses of deontology that apply to my study. One of the criticisms of using principle-based ethics concerns a lack of success in resolving practical problems. As Desjardins (2010:96) has argued, principle based ethics are unsuccessful in dealing with practical work problems. Examples of problems that can happen when people attempt to find ethical solutions from the categorical imperative or a utility principle deserve some attention. Desjardins noted that the problems that are likely to occur could include ambiguity when applying principles, counterproductive examples, contradictory prescriptions, lack of flexibility, and counterintuitive conclusions. Kimmel (2000:456) articulates that moral conflict occurs when people with different world views are acting in other social worlds. The main reason people in moral conflict tend to have difficulty resolving the moral conflict is that each group operates in its moral order. Kimmel observed that this occurs because actions that can be considered morally acceptable in one perspective can be regarded as entirely ethically unacceptable from another standpoint. It appears that the issues of clashing values, rights, and principles can also lead to practical difficulties. Again, problems can happen because balancing many different interests at play (including concerns about outcomes) makes over-reliance on principle-based approaches impractical or too unyielding (Kimmel 2000:456). Sometimes, people can have different views and standards of what is right or wrong in a crisis and offer moral solutions that differ fundamentally. When people are trying to manage a situation by applying different principles, they are inevitably likely to develop radically different and unsuitable solutions.

DesJardins (2010:97) described two problems that often occur when using principles-based ethics to address workplace problems. This argument can be extended to include issues like the corporate crisis because they fall within the scope of work problems. First, he noted that principle-based ethics does not consider the character of the person who carries out the acts because they view morality as something that is only determined by the specific actions that a person performs. So it is only the actions that matter. DesJardins articulates that there are no readily available answers for moral issues that can be found by following the right method. This criticism is

worrying, especially considering that the ethical problem-solving process is not as simple and straightforward as problem-solving used in resolving scientific or technological problems. DesJardins maintains that principle-based ethics encourages us to think that there are such answers. A second problem concerns the impersonal nature of principles that occur because of the lack of focus on character and motivation for the action. DesJardins (2010:97) argued further about the weaknesses of principle-based ethics principles are impersonal and detached from people who must apply them because they are external rules that people must incorporate, adapt and use in their lives without internal (inner) motivation. DesJardins make a strong case that this tends to create a space between principles and a person, and a situation where people find principle-based ethics challenging to internalise and apply.

The moral disengagement can also occur when one is just “following the rules,” including rules which turn out to be dehumanising (which involves treating others inhumanely). Later in chapter four, I will consider the virtues of care and compassion as the virtues which guard against this dehumanisation. Regarding the issues of resolving moral conflicts, it is worth mentioning that there is no explicitly superior approach than the other. As Morris and Morris (2016:201) have argued, “Neither principles nor virtues provide sufficient guidance in and of themselves.” Resnik, cited in Morris and Morris (2016:201), adds that just like principle-based theories that cannot help resolve moral conflicts, virtue theory also fails to provide clear guidance on resolving disputes. Due to the weaknesses of consequentialist and deontological frameworks in addressing the corporate crisis, virtue ethics appears to be the most promising approach in conceptualising ethical leadership and ethical responses in times of corporate crisis.

3.4. Virtue ethics.

Given the centrality of the virtue ethics theory in the study, I must include a detailed but concise discussion of virtue ethics. While historical developments are not central to the study aims, it is worth mentioning that various philosophers (most notably Elizabeth Margaret Anscombe and Alasdair MacIntyre) have contributed to the development of the concept of virtue ethics. However, most twentieth-century virtue theories take their inspiration from Aristotelian ethics. Aristotle is the philosopher most

closely associated with virtue ethics. Virtue ethics is an ethical approach that judges the morality of a situation based on the morality of the character of the individuals involved. As mentioned by Papouli (2018:02), virtue ethics comprises normative ethical theories that focus on the character and moral training of the individual and which emphasise “being” rather than “doing.”

It is worth emphasising the significant difference between virtue ethics and the other theories that I considered in the present Chapter. The difference between virtue ethics and its rivals (utilitarianism and deontology) is centred on their notion of “good”. Virtue ethics maintains that “good” is an entirely different thing from what utilitarianism and deontology postulates. As Rachels (2019:170) articulates, while virtue ethics asks the question of ‘what traits of character make someone a good person? utilitarianism and deontology ask a fundamentally different question ‘what is the right thing to do.’ It is worth mentioning that even though consequentialism and deontological ethical frameworks differ significantly, they both focus on conduct. Consequentialism focuses on determining the conduct that maximises the best outcomes, while deontology focuses on determining the conduct that complies with the set of moral rules or universal norms. Simply put, utilitarianism and deontology are theories about how to act. By contrast, virtue ethics does not classify acts per se as good or bad but instead focused on a person’s character. Virtue ethics is a theory of individual character, virtues, and personal integrity. According to Rachels (2019: 172), virtues are a character trait, manifested in action that is good for anyone to have. For virtue ethics, a person is considered morally right if their actions show a particular virtue. In as much as the virtuous character is supposed to lead to good action, it is worth noting that there is a relationship between virtuous character and right action. It will delve further into this relationship later in Chapter four when I deal with the concept of virtuous corporate character.

As Rossouw (2018:68) has noted, Aristotle’s virtue ethics begins with the assumption that morality is both necessary and vital to human beings. Morality based on the individual’s character must take centre stage where virtue ethics is concerned. Central to virtue ethics are critical aspects such as individual character, integrity, moral motivation, and virtues. As Solomon (1992:231) articulates, when applied to business ethics, virtue ethics is based on the notion that what matters most are character,

integrity, and individual virtues. Solomon argues that if the emphasis is placed on cultivating these factors, it will be easy to determine the social and corporate policies that will lead to the common good. As per Bauman (2011:283), a virtue ethics approach emphasises how an agent's character and disposition guide decision making.

Understanding the essential characteristics of virtue ethics is vital as it can make it easy to comprehend virtue ethics and its relevance to corporate crisis management. Dobson (2007:01) has identified four essential attributes of virtue ethics. In the same vein that Dobson identified four features, Moore (2017:44) formulated the seven components of virtue ethics, similar to characteristics of virtue ethics identified by Dobson. Dobson and Moore's attributes share similarities in that they all involve character dispositions. From all these attributes, I will only consider five essential features relevant to the present study's focus.

1. First, the critical characteristic of virtue ethics is its emphasis on the significance of the particular virtues of generally accepted character. This attribute recognises that virtue ethics is actor or person-oriented, and it is more concerned about character development.
2. Secondly, because a community plays a vital role in cultivating the virtues, "a strong emphasis is placed on the existence of an active community". Moore clarifies that because people are also members of various communities, their good and the common goodness of these different communities are well intertwined.
3. Thirdly, virtue ethics theory recognises the weaknesses of the rules and guidelines in producing ethical conduct. It makes it clear that in ordinary life, a person must not just rely on these but must also rely on moral motivation and sound moral judgment. Beyond the rules and guidelines, the ability of a person to exercise sound moral judgment is necessary.
4. Fourth, because role models play a vital role in influencing morality, the emphasis is also placed on the importance of role models or moral exemplars. As Dobson has articulated, the successful identification and emulation of role models are essential for disseminating morality within the community.
5. Lastly, virtues involve pursuing excellence in whatever we undertake, benefiting both ourselves and our communities. As Moore (2005:662) puts it, "the

character of the virtuous corporation should encourage the pursuit of excellence.” In my view, the pursuit of excellence during a crisis can virtuously benefit the corporations since it can inspire leadership ethics and lay a good foundation for virtuous responses to crises.

It is essential to include a discussion on the attributes and components described above in this paper due to their relevance to crisis management. Adding further to these attributes, Wang et al. (2015:68) have found that virtue ethics is a valuable framework because it drives virtuous business conduct and promotes ethical corporate culture by focusing on the importance of moral character and integrity. This is an important finding to note since virtuous business conduct and good ethical culture cannot be realised without the individual's moral character. According to Arjoon (2010:31) “virtuous traits are defined as positive traits that are commonly seen as shaping the extent to which a person is morally right”. It is worth recognising that all behaviours, including ethical behaviour, can be learned. This view is based on the learning theory of psychology, which views all behaviour as products of learning through observations and adaptations. This implies that people can be taught to have virtues successfully. Arjoon maintains that through characteristic adaptations and learning, individuals can acquire virtuous traits.

One of the great benefits of virtue ethics that cannot be found in other ethical frameworks is that the individual conduct is often inspired by inner motivations (moral motivations). Internal motivation can significantly benefit the crisis because they can drive a good outcome. Without an inner motivation to act ethically in the face of a crisis, it can become easy to evade the established rules and principles, leading to immoral responses. Consequentialist and deontological principles regulate behaviours by external factors such as policies, regulations, and codes. These can have weaknesses when dealing with a crisis because they lack the inner, moral motivation to influence good behaviour. Virtue ethics appear more appropriate to crisis management because of internal reasons to do good can produce a morally acceptable result in crisis times. Besides, they can be useful and can deliver sustainable solutions instead of external causes such as rules and principles. In the corporations that experienced a crisis, people can be taught how to respond virtuously and avoid future reoccurrence.

Due to its simplicity, virtue ethics can also be easily integrated into the corporate codes of ethics, thus inspiring the employees to have a good character that can act as a buffer to a potential crisis. The challenge with many corporate codes of conduct is that they are mainly instructional, prohibiting unethical behaviour by instructing employees what to do and not to do without any form of moral motivation to act well. Virtue ethics offers an opportunity to focus more on inspirational codes of ethics, inspiring executives and employees always to do good even when they are not watched. Resolving a corporate crisis can be done effectively by applying a framework that emphasises individual character and integrity. Consequentialist and deontological ethics have challenges in that they don't emphasise character.

3.4.1. The criticisms of virtue ethics.

Despite the benefits that virtue ethics can have in managing the corporate crisis, it also has its weaknesses. The main issue with virtue ethics that I see as a problem that deserves attention is the “incompleteness” of the approach. In an attempt to unpack this problem, Rachels (2019) clearly articulates three ways to show how virtue ethics is incomplete explicitly. I am predisposed to Rachel's views, and I chose to consider these three reasons because they accurately capture my thoughts about virtue ethics' weakness. Beyond looking at these three reasons, I will also add my fourth reason. The first way that shows the incompleteness of radical virtue ethics is that they can't explain all the dimensions they should explicitly explain. I will explain this problem using the virtue of modesty (excluded from virtues that I will consider in the next chapter) as an example. Modesty does not clearly explain some crucial factors, and it leaves us with many 'why' questions. For instance, there is no satisfactory explanation of why leaders must be modest, why modesty is a virtue, and why it is a good virtue.

The second way that shows the incompleteness of virtue theory is that it does not have the complete interpretations of virtues. This lack of a full understanding can make it hard to know precisely when and how to use particular virtues (including in crisis times). The third way also shows that virtue ethics is incomplete because it does not contain guidance that can resolve moral conflicts. In cases where virtues conflict, virtue ethics cannot help in resolving such disputes. For instance, there can be occasions when dealing with a corporate crisis where there can be reasons for the

virtues of honesty and kindness to conflict. In such cases, choosing, to be honest can destroy the interpersonal or work relationship and create tensions and an unkind environment. Similarly, if a priority is given to maintaining friendliness, the virtue of honesty will be compromised, thus thwarting crisis response efforts. Virtue ethics can have weaknesses in resolving such conflicts. It is worth mentioning that principle-based ethics also doesn't offer complete guidance on resolving such moral disputes, so no framework is superior to the other in terms of resolving such internal conflicts.

From my encounter with virtue ethics in this study, the last reason I wish to add that shows the incompleteness of virtue ethics theory is that it does not specify the kind of moral problems and the specific contexts with which it is applicable. This creates a challenge, leading to unnecessary arguments on whether virtue ethics can be a useful framework to address a particular problem or appropriate application for a specific context.

3.5. Conclusion.

The chapter has discussed the three main dominant ethical philosophies used in applied ethics to make moral decisions: the consequentialism, deontological, and virtue ethical theory. Due to the centrality of virtue ethics to the study, the chapter aimed to consider the specific limitations of consequentialism and deontological frameworks in the context of the corporate crisis and show why virtue ethics avoids the limitations associated with other ethical frameworks that I considered. Because I considered the consequentialism and deontological frameworks' criticisms, I also considered virtue theory's general criticisms. In particular, I discussed and granted the virtue ethics criticism centred on the "incompleteness" of the approach. From the discussions in this chapter, it is clear that virtue ethics can potentially be a useful, ethical framework for responding to the corporate crisis due to its emphasis on the agent's moral character and moral motivation, which is the basis for ethical behaviour. I must accept that the chapter's weakness was to look at the question of a corporate crisis from the perspective of only one ethical theory, i.e., virtue ethics.

While virtue ethics was central to this chapter and those that are still to come, it is only fair to appreciate that as humans, we often consider the likely outcomes and

consequences of our actions when deliberating about our moral actions. Those deliberations seem to have moral importance even if our actions' precise outcomes can never be known with certainty. Also, to be fair to principle-based ethics, I want to close the chapter by clarifying that virtue ethics is sometimes criticised for some of the weaknesses that we can find in principles-based ethics. In the next chapter, I will present a defence of virtue ethics in the realm of corporate crisis management.

CHAPTER FOUR: A DEFENSE OF VIRTUE ETHICS IN CORPORATE CRISIS MANAGEMENT.

4.1. Introduction.

Building further into the foundation laid in chapter two and chapter three, chapter four presents a further defence of virtue ethics in corporate crisis management. Just as consequentialist and deontological ethical theories are criticised for various reasons, virtue ethics is also not immune to criticisms. This chapter will start by considering the two objections made by some scholars against virtue ethics specifically in the context of corporate crises and respond to these objections in return. It is worth mentioning beforehand that there is an association between virtue ethics and the concept of virtuous corporate character, as there is a relationship between the notion of individual and corporate character. Based on Moore's 2005 paper titled 'Corporate character: modern virtue ethics and the virtuous corporation,' I will consider a question of virtuous corporate character. I will particularly explain the notion of virtuous corporate character and its relevance to corporate crisis management. While the discussions on the virtuous corporate character will be focused mainly on a corporate character's question, it is worth mentioning that virtue ethics is relevant and applicable to both the individuals and the corporations. Building into the mechanisms of moral disengagements and the cases representing poor management of corporate crises discussed in chapter two, I will propose the specific virtues that I think are best placed to respond to the corporate crisis. These virtues will represent my virtue ethics approach to corporate crisis

4.2. Responding to objections made against virtue ethics.

This section will present my main objections to some scholars' criticisms of applying virtue ethics to corporate crises. In particular, there are two specific objections that I will deal with within the section.

First objection: The problem of a lack of virtuous dispositions

The primary criticism of virtue ethics I want to deal with is raised in Sandin 2008's paper, cited in Bauman (2010: 283). Sandin states, "A more general problem with a virtue ethics approach to managing a corporate crisis is that it may not provide enough guidance for leaders who do not have virtuous dispositions." Virtuous dispositions are good character traits that make it easy for a person to act virtuously. While it would be ideal for everyone to have these dispositions in the corporate world, a problem arises for virtue ethics because some leaders do not possess the virtuous dispositions. The issue of expecting a leader who does not have the righteous character to provide moral guidance during a crisis is a particular problem of virtue ethics that appears to be widespread, particularly in the South African public institutions and as well as in private corporations.

I do not share this concern with Sandin because this problem can be largely prevented or minimised by conducting leadership assessments by applying virtue ethics scales or questionnaires in all management and leadership positions. There is a body of work in applied ethics, which suggests that it is possible to assess virtuous leadership traits in the organisation. While a lot of work still needs to be done in advocating for the use of virtue ethics assessment instruments in the organisations, the character attributes assessment instruments are readily available. Shanahan and Hyman (2003) have developed a Virtue Ethics Scale (VES), which has been proven by some scholars to be useful in assessing and identifying individual business virtues. Wang and Hackett (2016:324) reported on the existence of an assessment instrument known as the Virtuous Leadership Questionnaire (VLQ), which they studied and confirmed its validity in their scholarly work. Thun and Kelloway (2011) are examples of scholars who have successfully used the virtue ethics assessment instruments to assess the work environment's character traits.

To avert the problem of expecting a leader who does not possess the moral character to provide moral guidance during the crisis, I support the idea of performing virtuous leadership assessments during recruitment. In my view, it is imperative to screen the ethical dispositions of a leader before he or she is appointed a leader. Assessments that are done objectively can play an essential role in solving this moral problem in

cases where leaders with no virtuous dispositions or good character, a decision to reject these leaders or develop and cultivate moral dispositions through training become vital. To prevent the problem of having leaders who lack virtuous character in leadership positions, it must be critical to incorporate items intended to identify ethical dispositions of a leader in assessments and make such assessments compulsory.

Also, assessments must integrate virtuous leadership traits. The distressing problem with competency assessments observed in several corporations is that only leaders' managerial and technical competencies are prioritised and given attention during competency assessments. My argument about the assessment is that the leaders' competency assessments must look at different sets of competencies (skills and character attributes), including managerial or leadership, interpersonal, technical, and ethical competencies. Leaders who are found to be competent in all areas of evaluations must be considered for appointments. Leaders who are found to have deficiencies in virtuous dispositions must either be rejected or be constructively subjected to the process of learning to cultivate ethical character. I subscribe to the school of thought that believes that virtues can be learned and be taught and do not view a lack of virtuous disposition as a permanent impairment but as a temporary weakness that can adequately be addressed through learning.

While not everybody has a virtuous character, it is essential to note that a moral character can be cultivated and learned. It is not something that moves from a generation to the next through genetic inheritance. As Mintz (1996:831) enunciates, "virtues are acquired human qualities, the excellences of character, which enable a person to achieve the good life". Moore (2005: 662) articulates it well when he indicates that a good character does not happen overnight but cultivates to become reasonably stable or permanent over some time. Moore further notes that positive factors like individual attributes and the importance of inspiring leaders within the corporation indicate that it can be easy to transform and mold a character of the corporation into a virtuous one. It is my considered view that if this suggestion of the assessments is always followed in corporations, Sandin's problem will be prevented or mitigated. Beyond conducting leadership assessments during the recruitment stage, the appraisals can still be done at any employment stage where weaknesses

can be identified and addressed through virtue ethics training. I will delve further into what this training will entail below.

Some scholars such as Hursthouse (1999) cited in Bauman 2010: 283) were not so preventative in their response to Sandin's general problem. Hursthouse suggests that a leader can effectively use virtue ethics in managing the corporate crisis by always asking himself a question, "what would a virtuous person do in this situation?" It is believed that an internal response to this question can generate a good response during a crisis. While asking this question can help guide virtuous response to the corporate crisis, I am not well disposed to this idea because it may not always be possible to recall and answer this question when a person is under pressure to manage a crisis. In addition to the responses provided above, Moore raises some important requirements that clarify the two objections regarding virtue ethics, guiding the already virtuous and showing how virtue ethics can change institutional structures (and might, therefore, even be useful for non-virtuous leaders). The three essential requirements central to the study include (a) the desire of a good reason for corporate existence "just purpose for the corporation"; (b) the development of suitable structures that protects and promote the interests, views, and desires of all constituencies, especially those of the minority groups; (c) and enactment of the organisational process and systems that encourage the questioning and eradicating wrongdoings and thus counter the biases. These requirements are also crucial to guard against the abuse of minority groups' rights, which consequentialist thinking can permit. I will further discuss two of these requirements under the concept of a virtuous corporate character and explain their relevance to corporate crisis management.

Virtue Ethics training program

Before delving into the training program, it is worth highlighting some important organisational and external incentives that can sway people into non-virtuous behaviour, making it challenging for virtue ethics training program to have lasting positive results. Geeta, Pooja, and Mishra (2016:01) studied ethical behaviour in organisations and provided a good account of organisational and external factors that influence non-virtuous behaviour. Organisational factors consist of factors that exist in the corporate environment, external of individuals, which directly or indirectly influence an individual's ethical behaviours. In terms of organisational factors, Geeta et al. reveal

the code of ethics and rewarding systems as factors that can influence non-virtuous behaviour. The absence of a code of ethics and a lack of employee knowledge of such codes can influence non-virtuous behaviour. Geeta et al. indicate that non-virtuous behaviour is likely to be expected in corporations with no code of ethics or where employees are not familiar with such codes. Also, corporate environments with reward systems that incentivise non-virtuous behaviour are problematic because they can increase such behaviour frequency. External factors are factors located outside the corporation that the corporation has no control and, directly or indirectly, influence employees to behave unethically (Geeta et al., 2016:04). Such factors include, for example, completion, political, and regulatory environment. Suppose these organisational and external factors are not prevented and mitigated. In that case, they can hamper the virtue ethics training programme from generating long-lasting virtuous character and leadership because they can sway people towards non-virtuous behaviour.

My training program is based on the adapted Virtue Ethics in a Business Curriculum module formulated by Wittmer and O'Brien (2014:11). While cultivating a virtuous character does not happen overnight, it must not be seen as unattainable. As the activities below show, people can learn virtues and cultivate virtuous character in different ways and one step at a time. The ethical competencies that the program will impart to participants include behavioural, cognitive, and managerial competencies. The program consists of five primary activities (components) intended to help employees acquire requisite virtues to live a fulfilling life and respond to corporate moral problems more virtuously. The Components are as follows:

- Open-ended class survey: Participants will be given exercises that ask them (through open-ended question) to identify and explore the qualities (virtues) necessary for being a good person, a good manager, and a good leader. The exercise will empower participants to acquire and live by their qualities.
- Sharing stories of moral exemplars and role models: Activities and exercises that encourage participants to share stories of moral exemplars and role models will be part of a training program. Participants will be encouraged to share examples of a good person, manager, and leader that they have known. This will also include sharing the memorable stories and scenarios of leaders who exhibited core virtues.

- Development of a class profile for leadership virtues (characteristics): each participant will be asked to identify their top five characteristics of what they value in a leader and share their thoughts with the group. The facilitator will consolidate the list to identify the top 10 virtues, which the participants will discuss and adopt as the 'class profile virtues.' Each participant will be handed a copy of a list for future references.
- Learning virtues through analysing audiovisual materials: Building into the learning acquired by exploring lists of a good person, manager, leader, and generated class profile, participants will be exposed to acquire virtues from a movie that is both innovative and engaging. Due to the movie's engaging and innovative nature, Wanda Teays movie 'Seeing the Light: Exploring Ethics Through Movies' will be used, focusing mainly on scenes centred on Aristotle's Virtue Ethics. The facilitator will ask participants to identify and analyse the main characters' virtues and vices using scenes that exemplify ethical dilemmas and character development. The facilitator will structure the discussion to make it easier for participants to acquire the virtues of a good person, good manager, and a good leader.
- Wallet of virtues and values: This activity involves participants creating their wallets of virtues and values. A card of wallet of virtues is known to reflect a person's commitment and identity. In the activity, students are given blank business cards and asked to write core values and virtues that, at least, they would not want to compromise.

Second objection: *Ulmer and Seeger failed to advance virtue ethics because the three post-crisis virtues they regard as virtues are not virtues*

Sandin's 2008 paper offers two criticisms of a previous application of virtue ethics for Seeger and Ulmer's corporate crisis. In their 2001 study titled 'Virtuous responses to corporate crises,' Seeger and Ulmer intensely examined two cases of companies that demonstrated good ethical responses to crisis management. The companies were Aaron Feuerstein and Milt Cole. Sandin's first criticism is that Seeger and Ulmer did not fully advance a virtue ethics approach because the three post-crisis virtues they regard as virtues are not virtues. The three post-crisis virtues identified by the authors are "(i) leader's sensitivity and responsiveness to uncertainty, (ii) supportiveness of

employees, and (iii) rebuilding and renewal”. According to Sandin’s reasoning for rejecting these virtues, Seeger and Ulmer based their approach on top management (specifically the company’s Chief Executive Officers) and not everybody in the corporations.

I have three immediate problems with Sandin’s criticism. The first problem is that while involving everybody could have added weight to Seeger and Ulmer’s study, this criticism seems to ignore the notion of moral agency, which has strong connections with the theory of virtue ethics. Virtue ethics involves factors that matter, such as individual character, integrity, moral motivation, and good conduct. In every situation (including corporate crisis), it emphasizes that individuals’ inner attributes must be the basis for “moral excellence and useful life”. The other point of importance in response to the criticism is the use of virtuous people to develop and cultivate virtues. What Seeger and Ulmer have done is to use the CEO’s of Aaron Feuerstein and Milt Cole as role models or moral exemplars. Virtue ethics supports the idea of moulding and cultivating good character by looking at people’s lives considered to be virtuous. Virtue ethics encourages imitating the examples of moral people where they are available. The role of role models is vital for the use of virtue ethics. Emphasising the importance of role models in virtue ethics, Dobson (2007:06) articulates that it is from role models that virtues are disseminated in society. Using the CEO’s as examples of virtuous people is in accord with the theory of virtue ethics, and there is nothing wrong with it. From the above, Sandin’s reasoning for rejecting Seeger and Ulmer’s approach due to their reliance on analysing CEOs’ behaviour is faulty and needs to be rejected.

The second problem with Sandin’s critique is that Seeger and Ulmer’s approach cannot be disregarded because of a mere belief that what they identified as post-crisis virtues are not virtues. This criticism may emerge out of confusion about what constitutes a virtue. To clarify this likely confusion, I will explain a little further about what a virtue is. As Solomon (1992:330) articulates, a virtue is not a rigid term, but a short-hand of summarising the ideals that define good character. This explanation accurately enlightens what virtue is. In this enlightenment, we must consider Ulmer and Seeger’s three attributes (leader’s sensitivity and responsiveness to uncertainty, supportiveness of employees, and rebuilding and renewal) as virtues because they fit

the ideals that define good character. I will elaborate further on this when I deal with the third problem.

The third problem with Sandin's criticism is that there is no utterly agreed list of virtues available as far as I can ascertain. Many good virtues can be applied in business leadership and corporate crisis other than those commonly referred to in applied ethics literature, such as respect, trustworthiness, honesty, loyalty, etc. Solomon (1992:330) articulates this view in his exposition that since many virtues are applicable to the corporate environment, listing all such attributes would be an impossible task. I will look at specific virtues later in the chapter. Taking the context of Aaron Feuerstein and Milt Cole into consideration, the three virtues were relevant and applicable because they involve character attributes leaders require to behave ethically. For instance, the virtue of the supportiveness of employees is required during crisis management. By not supporting the employees affected by a crisis, the Chief Executives of Aaron Feuerstein and Milt Cole would have neglected their moral responsibility, thus involving themselves and their corporations in unethical behaviours.

An important point to make here is that there is no exhaustive list of what qualifies to be a virtue in society as far as I can ascertain. It is possible that Ulmer and Seeger's approach was criticised because it placed more emphasis on limited virtues instead of focusing on a broader scope of virtues. There is a possibility that this criticism can also be extended to the present paper because it focused on limited virtues. While the paper focused on the virtues of compassion, trustworthiness, care, and justice, other virtues such as the virtues of responsibility, citizenship, integrity, and respect are all essential and relevant to the corporate crisis. The four virtues discussed in this study are those I regard as the central crisis response virtues, but this is not to say that other virtues are irrelevant. I do not reject or relegate the virtues I did not emphasise in this study.

Sandin's second criticism is that in examining Aaron Feuerstein and Milt Cole, Seeger and Ulmer focused entirely on top management's behaviour, particularly the Chief Executive Officers. Sandin argues that they should have focused on everybody's behaviour in corporations to have collective responsibility. While I mostly agree with Sandin's reasoning in this criticism, the issue of collective responsibility in corporations

can be challenging and controversial to others. It is an acceptable practice for the senior executives to take the overall responsibility and accountability for their respective corporations' entire operations. In the case of ethical failures, it would be unreasonable to expect the whole workforce to be punished or to step down to accept personal responsibility. Driving ethical behaviour and setting the right moral tone from the top-down approach must be the chief executives' responsibility, who should further delegate responsibility. By focusing on the top executives in their particular study, Seeger and Ulmer are not rejecting the idea of involving everybody in the corporation. Studying ethical behaviour for everyone who works at a corporation is vital, primarily because, in its emphasis on individual integrity, virtue ethics can provide better guidance when it comes to collective responsibility than other prominent theories. Without denying that, ultimately, leaders take special responsibility because of their roles' unique authority, Seeger and Ulmer's study can be expanded to include other employees across different levels where reasonably practicable. To further answer the two objectives, I will look at the concept of virtuous corporate character and corporate virtue, as explored in the Moore 2005 paper. This concept is particularly relevant in responding to the two criticisms discussed above and developing my study aims.

4.3. Moore on virtuous corporate character.

To develop the aims of my study objectives further, I will consider the question of virtuous corporate character and corporate virtues. The discussion of ethical corporate character will also help raise an understanding of what it means to be moral in the corporate environment, especially in crisis times. Since virtuous corporate character forms a central part of this section, it is crucial to explain it. Moore defines a virtuous corporate character as "the seat of the virtues necessary for a corporation to engage in practices with excellence, focusing on those internal goods thereby obtainable while warding off threats from its inordinate pursuit of external goods and from the corrupting power of other institutions with which it engages" (Moore, 661:2005). During the corporate crisis, it is vital to use an ethical approach that focuses more on leaders' motivations. Moore argues that corporate character is a more useful concept because it offers "an essential internal focus to the corporation," which provides necessary solutions to many corporate problems. This absolute strength of a corporate character

can help crisis management, especially in illuminating ethical responses that extricate the company out of a crisis.

While the discussions in this section will focus mainly on a corporate character's question, it is crucial to keep in mind that the virtue ethics approach can apply to both individuals and corporations. There is an association between virtues and character. Similarly, there is also a relationship between individual and corporate character. It is worth mentioning that a corporation is not a moral agent and does not have a "character" in the same way as a person can. However, there are overlaps and differences between the two versions of "character." In understanding virtuous corporate character, it is noteworthy that a character (whether an individual or a corporate character) consists of virtues.

Hartman (2015:548) observed that although moral principles help assess actions, it can be challenging to understand how people behave and make ethical decisions in the corporation without talking about virtues. While I will discuss crisis response virtues later in the chapter, it is worth mentioning that most of the virtues are essential to rely on during a crisis. As Hartman (2015:548) articulates, virtues are closely associated with personality traits that psychologists often talk about and consist of such characteristics. Hartman further argues, "An individual with a good character is sufficiently self-aware and rational that the vices do not accompany their virtues." This indicates that such individuals can essentially guide ethical responses in times of corporate crisis. Character in the corporation is vital as it can set the tone for how individuals must behave ethically. The impact of an excellent corporate character on individuals is that it creates an environment in which people are prone to act with integrity, respect, trust, and honesty.

While Moore (2005:662) identified eight elements (requirements) of virtuous corporate character, two of these features deserve some attention. They help the current study by explaining what a corporate moral character should entail during a crisis. The first element concerns what the corporation is founded on, i.e., the foundational purpose the corporation seeks to serve. Moore argues that for a corporation to have a virtuous character, it must recognise what it is founded on and focus on sustaining its purpose for existence as its most important function. This implies that a corporation must have a

useful purpose for existence and be guided by such actions. When a corporation is facing uncertainty induced by the crisis, it can be helpful for leaders to do self-introspection and keep asking themselves why the corporation they serve exists. Based on Moore's argument, this guiding question's responses can help produce virtuous responses, thus creating a virtuous corporate character. From this, one can argue that those founded and serving functional purposes can respond to crises virtuously than those based on wrong reasons. The second requirement is centred on protecting the institution from corruption. Here, Moore argues mainly that the moral corporation's character should be "to resist the corrupting power of organisations with which it, in turn, relates". The resisting corrupting influence of corporations can play a vital role in preventing crisis since many modern-day corporate scandals and crises are largely caused by corruption and other forms of unethical behaviours.

Moore's views on corporate character are especially crucial because a good character is a foundation for anything that becomes good, running a productive corporation. By extension, a good character is vital when the corporation is facing a crisis and can play a critical role in reinforcing ethical responses. In contrast, the weak corporate character can result in inadequate ethical reactions, which can put the corporation's sustainability at stake. In my view, embracing these elements during a corporate crisis is vital as these can help create an environment that reinforces leadership ethics and guides virtuous responses to the crisis. On the contrary, the corporate environment that does not embrace these requirements can generate a climate that weakens leadership ethics and lead to inappropriate responses to the crisis. My approach to my virtue ethics approach for responding to crises has six crucial virtues. In the next section, I will present my approach to responding to crises.

4.4. Virtues required to responding to corporate crisis.

Once a crisis has emerged in a corporation, it cannot manage itself. It is only the leader who possesses a virtuous character who can handle the crisis and extricate the corporation from its predicament. This section will discuss the specific virtues that I think are best placed to serve as crisis response virtues. My approach consists of six virtues: compassion, caring, trustworthiness, justice, prudence, and honesty. In

discussing these virtues, I will tie them up with the mechanisms of moral disengagements that I discussed in chapter two. As the section's arguments will show, these six virtues are necessary to counterbalance the means of moral disengagements. Solomon (1992:335) posits that virtue is a direct way of summarising the ideas that define the excellent character and that all virtues are recognisable as business virtues. While all virtues can be recognised as business virtues, as Solomon posits, my focus in this section will be limited to the deliberation of only six specific virtues that I deem most important and relevant in corporate crisis management. The virtues of responsibility, citizenship, integrity, and respect are essential and connected to the corporate crisis. Due to the limited length allowed for this study, I will exclude these virtues. I will now focus on the specific virtues which are central to my approach.

4.4.1. Compassion.

Compassion is an essential virtue that people must genuinely express when corporations are faced with a crisis. Compassion is the direct opposite of a moral disengagement mechanism that involves dehumanisation. I discussed this mechanism in Chapter two. Any act involving dehumanising a person is against the virtue of compassion. When leaders engage in dehumanising acts, they are acting immorally. So cultivating compassion is vital as it will reduce the likelihood and severity of corporate crises arising from dehumanisation and assist in responding best to those that occur. Coombs (1999:32) identified compassion as a virtue and an explicit fundamental principle that must be embraced in crisis management communication strategies. Business ethics literature identifies many benefits of responding compassionately to a crisis. Considering that the corporate crisis creates emotional trauma and stress to the employees, the stakeholders, and the public (as my examples that I will cite below will show), the scholars Dutton, Frost, Worline, Lilius, and Kanov (2002:57) have argued: “compassionate leadership facilitates healing and growth after trauma.” This indicates the vital importance of cultivating the virtue of compassion as a requisite leadership trait. In contrast, the leadership characterised by neglect and dehumanisation is likely to generate emotions, including resentment, mistrust, and fear. The authors have added that besides facilitating growth and recovery after trauma, organisational compassion is particularly vital as it “also nurtures positive emotions and enhances commitment to fellow employees and the organisation as a

whole.” The virtue of compassion is especially appropriate in the post-crisis phase, where the corporation is focused on facilitating healing and growth after trauma.

The virtue of compassion appears to be particularly suitable for responding to the crisis. If the examples of South African corporate crises, as discussed in chapter two, are viewed through the lens of the virtue of compassion, I can argue that the leaders did not demonstrate compassion. I will say this point using the example of the leaders of Ford South Africa, whose response to the crisis did not illustrate a virtue of compassion. The adopted crisis communication strategies followed by the corporation were not a reflection of the principles of compassion. Moeng articulates Ford SA’s failure to respond to the crisis compassionately: “Instead of reaching out to Jimmy’s family and demonstrating empathy, as any caring brand would, the company sought to distance itself from the no-accident induced loss of life in one of its cars. Instead, seemingly desperate to hold on to what could have amounted to a few hundred thousand rands in compensation to the aggrieved family, Ford denied any link between Jimmy’s death and technical problems even before sufficient evidence was collected”.

In contrast to Ford SA, Johnson & Johnson demonstrated compassion in the face of a Tylenol crisis. The crisis happened after some seven people in Chicago died strangely after consuming Tylenol capsules. The independent investigation that was done later established that the capsules were spiked with prohibited and poisonous cyanide by people with some malicious intentions against the company. The Ethos in Leadership Case Study (2015) shows that Johnson & Johnson “won the public’s heart and the public’s trust because of commitment to protecting the consumers during the Tylenol poisoning scare.” The company’s ethical motivation was to search for the right moral solution that simultaneously protects its most reliable and money-spinning product (Tylenol) and its reputation in the crisis. The case study further reveals that the company’s leaders immediately notified the customers throughout the world and warn people to stop consuming any Tylenol products until the problem was identified and resolved. The crucial moment of their response was when the leaders quickly recalled all Tylenol capsules from the market (including those not suspected of having a problem). Also, the company promptly decided to offer Tylenol tablets in exchange for all Tylenol capsules that were already purchased before the incidents. It is generally accepted that Johnson & Johnson’s leaders could communicate the

message that the company is sincere, just, and truthful. The case demonstrates that the virtue of compassion can help a corporation to respond to disasters effectively while also being ethical.

How Ford SA has failed to respond compassionately to its Ford Kuga crisis prompts the question of whether the corporation had crisis management strategies or whether the plans were consistent with the principles and values of organisational compassion. Nonetheless, this question will not be argued further in this paper as it deserves its debate. The lack of timely, honest, and transparent communications observed from Ford SA was very confusing to the stakeholders, particularly the victims of fires from Ford Kuga and the public in general. The issues of denial and legal defences further contributed to exacerbating the aftermath of the crisis. These factors contributed to the emotional trauma experienced by the victims. If Ford SA responded compassionately to its Kuga crises, one can claim that personal healing and recovery could have been significantly minimised. Besides, the extent of reputational damage suffered minimised considerably. Lack of compassionate response has contributed substantially to the victims' emotional turmoil, the loss of trust, and reputational damages sustained by the corporation. A response based on the virtue of compassion could have prevented or at least minimised the loss of confidence and reputational damage to the corporation.

4.4.2. Caring.

Caring is an important crisis response virtue. As Schwartz, Cragg, and Hoffman (2012:39) elucidates the virtue of care involves caring about the impact of one's actions on the environment, health, safety, and well-being of employees, customers, or the public. The virtue of care is the opposite of the moral disengagement mechanism involving ignorance and carelessness discussed in Chapter two. In the corporate environment, the virtue of care can be severely worn down when the leaders ignore the consequences of their actions, creating an environment in which a crisis is likely to occur. Countering the problem of ignorance requires the cultivation and exercise of the virtue of care. The virtue of care is vital as it can significantly reduce the chances

and likelihood of a crisis caused by ignorance and carelessness. Besides, the virtue of care can also assist corporations in responding to those crises that can occur.

Simola (2003:255) notes that applying the virtue of care in the public sphere has received increasing attention and further argued that the virtue of care emphasises the creation or strengthening of relationships among people. The virtue of care pays special attention to consideration of others' feelings and how critical the actions of others or lack of actions can affect those feelings. The problem-solving process associated with the virtue of care involves paying attention to three vital elements, including logical thinking, unbiased assessment of what constitutes fairness in a given situation, and the evaluation of the narratives and the appreciation of complex dynamics of relationships. It is noteworthy that people demonstrate an ethic of care when they show concern on how to accomplish responsibilities to different stakeholders or groups of people instead of how to resolve claims of conflicting rights (Simola, 2003:255). From these insights shared by Schwartz and Simola, it can be reasoned that leaders are expected to exemplify care to the environment and the stakeholders, particularly those affected in several ways. Those can include not focusing predominantly on the crisis's legalities and doing what is right for stakeholders. Care can also be shown when leaders reach out to offer help and establish meaningful connections and conversations with those affected. Leaders can also show care by considering how their actions impact those affected by a crisis and create opportunities to listen attentively to those affected.

The virtue of care appears to be particularly suitable for responding to the crisis, especially in the post-crisis phase, where the corporation is focused on facilitating healing and growth. Specific arguments can be made when looking at the examples of the South African corporate crisis through the lens of the virtue of care. Ford South Africa spent a considerable amount of time focusing on the Kuga crisis engine technicalities and legalities and adopted an elaborative and defensive strategy. The corporation did not extend help to the Kuga crisis victims, nor did they conduct meaningful conversations with those who have been harmed by its actions. The corporation did not offer replacement vehicles to those who lost their cars through the fires, and they did not consider how their actions affected others involved in the crisis. Due to these lapses in ethics, it can be argued that the leaders did not demonstrate the virtue of care. As a result, they have failed from an ethical point of view. At a

minimum, it can be argued that moral response that demonstrates the virtue of care in the Ford SA case would have included accepting personal responsibility for losing lives due to their fault cars. Offering things such as replacement cars as compensation where cars cannot be fixed due to the impact of the damage, emotional support to the victims, and offering other forms of payment for the loss suffered would have constituted an excellent moral response to the crisis. The corporation did demonstrate a virtue of care by not offering these, thus did not act virtuously.

4.4.3. Trustworthiness.

Trust is an essential virtue in leadership ethics and corporate crisis management. It is noted that trustworthiness implies several other associated values: honesty, keeping promises, integrity, transparency, and loyalty. The virtue of trustworthiness is against the problem of mistrust, manipulation, and other forms of deceptive behaviours that I stressed in Chapter two. Circumventing the problem of lack of trust will require the cultivation of the virtue of trustworthiness. While trust will be needed in all stages of a crisis, exercising trustworthiness during the post-crisis phase will be vital as leaders focus more on restoring and rebuilding the trust. As Schwartz et al. (2012:39) have noted, it is crucial to be trustworthy during a corporate crisis. If a corporation does not act honestly throughout the response to a crisis, it has failed from an ethical standpoint. When corporations are going through a global financial crisis, it has been noted that the general public's trust in those institutions tends to decline significantly (Van Der Crujisen, 2015:578). In the South African context, global financial crises had less impact on public trust. However, the corporate crises that have occurred in this country have contributed significantly to destroying public trust.

It is noteworthy that corporate leaders and policymakers must appreciate different factors related to trust within their respective corporations. It has been recognised that in specific critical sectors like the financial sector, an abrupt weakening of trust in institutions like banks is more likely to damage the financial stability of an institution because of the high possibility of bank runs (Van Der Crujisen, 2015:578). This abrupt decline of trust can partly help explain the circumstances that lead to the collapse of the VBS mutual bank in 2018. The virtue of trustworthiness appears to be particularly suitable for responding to the crisis. Considering the examples of the poor crisis

management in corporations such as Ford SA, Bosasa, VBS mutual banks, and KPMG, one can argue that the corporate leaders did not act in ways that showed honesty, integrity, and transparency in crisis management. The corporate leaders worked in ways that eroded the trust of the stakeholders and have thus failed from an ethical viewpoint. While the poor management of the crisis severely threatened these corporations' sustainability, some corporations are still fighting for survival due to their leaders' untrustworthiness. Other corporations, such as Bosasa and VBS, even collapsed. Johnson & Johnson is a typical example of corporations that exhibited trustworthiness in crisis. As Malone (2010) noted, Johnson & Johnson was mostly unharmed by the Tylenol crisis because it acted in the customers' best interests and demonstrated honesty and trustworthiness.

4.4.4. Justice.

Justice is an essential virtue that anyone must cultivate at all times in the corporation, especially during a crisis. The virtue of justice must be cultivated to counter the environment characterised by the problem of partisan, unjust, and unfairness that I stressed in chapter two. The virtue of justice is related to fairness (Schwartz et al., 2012:40). As a virtue, Rachels (2019:177) contends that justice requires equitable treatment for all involved. According to Simola (2003:354), the virtue of justice must be characterised by an orientation towards fairness, and people must demonstrate righteousness through reciprocity. It is noteworthy that when in the throes of a crisis (especially in the post-crisis phase), the virtue of justice guides finding balanced and nuanced approaches where rights and values conflict. Simola raised an important point when he argued that the emphasis of the virtue of justice must be in moral standards of absolute judgment. What Schwartz, Rachels, and Simola's explanations of justice as a virtue have in common is that they have essential elements that define justice as equitable, unbiased, objective, equality, and nondiscriminatory. The other aspects of justice must include acknowledging wrongdoing, offering compensation, and moving with speed to appoint independent bodies to investigate the cause, nature, and extent of a crisis.

Considering the insights shared above, the question to be addressed now is what conclusion can be reached by viewing the examples of corporate crises in South Africa

through the lens of the ethic of justice. According to the information widely reported in the South African media, Ford South Africa was very reluctant to appoint an independent entity to investigate the fires' cause in its Kuga cars until after more than three years since the death of Jimmy Rendall. Much like the person marking his or her assignment, or a referee presiding over the game in which he is also a player, Ford chose to investigate its faulty cars by appointing a US investigating firm that is strongly connected with its parent company in the US. The same firm was later found by the South African court of law to be biased. As Hyman (2019) explained in a Sunday Times article, Ford's investigation was only conducted in March 2019 after the private prosecution team initiated an inquest into Jimmy's death.

Ford SA only initiated an investigation after fire incidences already damaged more than 80 cars in South Africa. It seems Ford's decision to undertake the investigation as a response to the inquest and not find the cause of the fires legitimately. One can only assume that the company was only interested in protecting itself. Despite the continuation of burning incidences of Kuga vehicles and the accompanying public furore, the investigation report failed to identify any severe fault. Understandably, the findings were largely rejected by the public. By failing to appoint an independent entity to carry out the investigation proactively, it can be argued that Ford South Africa did not demonstrate the virtue of justice, and consequently failed to respond to the crisis from an ethical viewpoint. Besides, as narrated by Moeng under the virtue of compassion (discussed under 4.4.1 above), it is worth mentioning that by failing to acknowledge the wrongdoing and refusing to offer compensation, Ford SA also fails to show the virtue of justice.

Still on the perspective of the virtue of justice, Steinhoff International responded to its financial crisis by appointing PricewaterhouseCoopers (PwC) to carry out an independent forensic probe. By appointing PwC, it can be argued that Steinhoff has demonstrated the virtue of justice in this aspect. Nonetheless, it seemed that the decay had been too profound, and the virtue of justice was not enough to save the corporation from its downfall. In the VBS crisis, the Reserve Bank initiated, albeit somewhat belatedly, a forensic investigation by appointing an independent team of specialists. It can be argued that the Reserve Bank's decision to introduce an independent forensic probe is aligned with the virtue of justice. However, the then VBS

executives and Board members' conclusion to reject the independent report can be contested contrary to the virtue of justice. As a consequence, the executives have, from an ethical viewpoint, failed to act ethically. Johnson & Johnson Tylenol crisis is a classic example of a company where the virtue of justice succeeded in navigating a crisis. By alerting consumers throughout the world to immediately stop consuming Tylenol products until the problem was properly investigated resolved, the company demonstrated the virtue of justice, which helped prevent further harm to society. The company also showed the virtue of justice by exchanging all Tylenol capsules for Tylenol tablets, even though it was at a high cost to the corporation due to the slightly higher price of the replacement product.

The ethical argument based on the examples of cases involving poor crisis management that I discussed in Chapter two (including Ford SA, Bosasa, VBS mutual banks, and KPMG) can also be extended to the argument on the virtues of prudence and honesty. However, I will avoid this lengthy discussion in the remaining virtues due to the paper's limited length.

4.4.5. Prudence (practical wisdom).

The virtue of prudence is against arrogance and over self-confidence that is rife in the pre-crisis stage. In chapter two, I have discussed that the arrogance and over self-confidence of corporate leaders to invest the resources required for preventing future crises can lead to a crisis. Resisting the problem of arrogance ignorance requires the cultivation and exercise of the virtue of prudence. Moore (2205:676) argues that prudence is a virtue that corporations need to exercise the commercial understanding that it requires. As Moore further expounds, honesty is a unique virtue because it concludes and unites other virtues in guiding individuals to achieve all that is human good. What makes prudence a particularly relevant virtue to cultivate is that it has four essential features that make it unique in responding to the crisis. Kessler and Bailey (2006: 101) described the characteristics of prudence that deserve attention. First, prudence is well suitable to resolve the demands of tricky situations (including crises).

Secondly, prudence is more relevant in determining complex problems. It is often actuated in cases where there are contradictory and multifaceted issues at stake. Thirdly, prudence is holistic and considers different dimensions of a person, including intelligence, integrity, individual character, feelings, and motivations. Lastly, just like other virtues, prudence is cultivated. The last but crucial aspect to note is that a person can cultivate prudence in different ways. According to Kessler and Bailey (2006: 101), the common ways a person can acquire prudence include social interactions and experimental learning, dialogues, and exploration of case studies.

4.4.6. Honesty.

As the mechanisms of moral disengagements discussed in chapter two have shown, deception can increase a crisis's likelihood. Acts of deception is a form of dishonesty, and it undermines the virtue of honesty. As the discussions in chapter two have shown, people are likely to engage in acts of deception and dishonest behaviour in a corporate environment when there are right incentives to behave unethically. Honesty can be severely threatened when leaders engage in deceptive behaviours and other devious moral justifications. Countering deceptiveness in the corporation requires the cultivation and exercise of the virtue of honesty. Honesty is vital at all times. It is even more essential in crisis times as it can help rebuild and earn the employees, customers, and other stakeholders' trust. People must be encouraged to be honest. According to Greene (2018:182), if there is a quest to motivate people to be honest in times of crisis, it is essential that we first understand what honesty means. Honesty involves being fair and true to oneself and others. As Wells and Graafland (2012:338) articulate, honesty is demonstrated when people commit to being fair to others. This must include respecting the rights and interests of others. Cultivating a virtuous character and, in particular, the virtue of honesty is essential. Honesty can counter the mechanism of moral disengagements involving deception and other forms of dishonesty in the corporation. Besides, honesty will reduce the likelihood and severity of corporate crises from deception and help respond best to the crisis.

4.5. Conclusion.

Using chapter two and chapter three as a foundation, chapter four presented a further defence of virtue ethics in corporate crisis management. The chapter started by looking at some scholars' specific objections against virtue ethics and responding to these objections in return. Using Moore's 2005 paper as a framework, I revived a discussion on the concept of virtuous corporate character. The debate looked explicitly at the virtuous corporate character and its relevance to corporate crisis management. Based on the mechanisms of moral disengagements and the cases representing poor management of corporate crises discussed in chapter two, I discussed the specific virtues that I think are best placed to respond to the corporate crisis (crisis response virtues). I mainly discussed six virtues: compassion, caring, trustworthiness, justice, prudence, and honesty. The virtues were formulated based on the. These virtues represent my virtue ethics approach to corporate crisis management. The references to the cases used as points of reference have shown that virtue ethics is a valuable, relevant, and appropriate ethical framework for responding to the corporate crisis.

CHAPTER FIVE: CONCLUSION

PUTTING IT ALL TOGETHER

To “have a virtue is to possess a certain kind of character appropriate in pursuing the moral good at which the virtue aims” (Alzola 2012:377). As no corporation is immune to the possibility of crisis, corporate leaders require useful, ethical frameworks to manage the crisis. The study aimed to examine the virtue ethics approach and establish if virtue ethics can be a potentially helpful approach to conceptualise ethical responses in times of corporate crisis. My central argument in the paper was that virtue ethics has a unique role because of its emphasis on the leaders’ moral character and the foremost role leaders play in crisis-hit corporations. To realise this aim, I considered it fit to structure the paper into five chapters.

While chapter one was an introduction to the study, chapter two conceptualises corporate crisis management and explores its relevance to virtue ethics. In particular, chapter two explored the concept and nature of the corporate crisis in ways that explicitly serve my endeavour of advocating for the unique role of virtue ethics in corporate crisis management. I examined in more detail a series of case studies from South African-based corporations that were severely affected by poor management of their respective crisis. The five companies considered included Ford South Africa, Tiger Brands, Steinhoff, Bosasa, and VBS Mutual Bank. These companies were used as points of reference throughout the paper, with more references made in chapter four under the discussion of virtues.

While I covered the conceptual analysis of ‘corporate crises, I dedicated a considerable part of chapter two to discuss the three stages of corporate crisis management (including pre-crisis, crisis event, and post-crisis). While discussing the stages of corporate crisis, I considered the usefulness of virtue ethics at all the different stages of corporate crises. I mainly looked at which specific virtues are most beneficial to different stages of corporate crisis management. It was from the stages of corporate crisis management where I identified the vices, which I then use as a basis for proposing specific virtues that I discussed later in chapter four.

Chapter three discussed three main dominant ethical philosophies used in applied ethics to make moral decisions. The ethical theories discussed were consequentialism, deontological, and virtue ethics. Due to the centrality of virtue ethics to the study, I considered the specific limitations of consequentialism and deontological frameworks in the context of the corporate crisis. I went further to show why virtue ethics avoids these limitations. In my quest to be fair to consequentialism and deontological ethics, I saw it fit to acknowledge and discuss virtue ethics general criticisms. I notably considered one complaint of virtue ethics that involves the “incompleteness” of virtue ethics theory.

Chapter four was the central thrust of the paper. Using chapter two and chapter three as a foundation, chapter four presented a further defence of virtue ethics in corporate crisis management. As a way of defending the application of virtue ethics in the corporate crisis, I examined two specific objections to the criticisms made by Sandin (2008) regarding the application of virtue ethics to corporate crises. Sandin framed the first criticism to object as “A more general problem with a virtue ethics approach to managing a corporate crisis is that it may not provide enough guidance for leaders who do not have virtuous dispositions.” The second criticism that I objected to is that Ulmer and Seeger failed to advance virtue ethics because the three post-crisis virtues they regard as virtues are not virtues. I disputed these two criticisms.

Based on Moore’s 2005 paper, I revived a discussion on the concept of virtuous corporate character. The debate looked explicitly at the idea of virtuous corporate character and its relevance to corporate crisis management. Based on vices identified from the mechanisms of moral disengagements and the cases representing poor management of corporate crises discussed in chapter two, I proposed the specific virtues that I think are best placed to respond to the corporate crisis (crisis response virtues). I mainly discussed six virtues: compassion, caring, trustworthiness, justice, prudence, and honesty. These virtues represent my virtue ethics approach to corporate crisis management. Beyond explaining the virtues, I went on to show where the corporations that I used as a reference went wrong and what they should have done to respond to their respective crises from the perspective of virtue ethics. The cases used as references have shown that virtue ethics is a valuable, relevant, and appropriate ethical framework for responding to the corporate crisis.

From the discussions in this paper, it is clear that virtue ethics can potentially be a useful, ethical framework for responding to the corporate crisis due to its emphasis on the agent's moral character and moral motivation. Although virtue ethics is centred on an individual's character, it is worth emphasising that it is applicable in the corporate environment because it is the person's character which underpins one's actions. Like other scholars, I find virtue ethics to be offering an approach to ethics that is more interesting, practical to use, and relevant to deal with a wide array of corporate problems. For instance, Arjoon (2000:173) argues that virtue ethics offers a more appealing, useful, unified, and comprehensive business ethics theory than traditional approaches. Other scholars, such as Whetstone (2001:101), advocated using virtue ethics as a complementary approach to different ethical systems and argued that managers need to add attention to the human character as a supplement to moral thinking that is based on deontology and consequentialist approaches.

It is noteworthy that virtue ethics does not only apply to people who possess virtuous dispositions. It also applies to those who lack such attributes since the virtuous dispositions can be cultivated. The virtue ethics approach can be successfully applied to the area of corporate crisis management. However, Dobson (2007:08) noted that any corporation could face one particular challenge in using virtue ethics i.e to educate managers on virtue-based behaviour's desirability. I do not see the desirability of virtue ethics as an issue since virtue ethics is personal, practical, and easy to understand. The application of virtue ethics can underpin the excellent resolution of the corporate crisis. Besides, moral character is necessary for running an ethical business. As Roper and Cheney (2015:71) have indicated, virtue ethics depicts how "an individual's moral character" can become the key driver behind an organisation's collective "pursuit of ethical business conduct." Owing to emphasis on critical factors such as character, integrity, and moral motivations of individuals, virtue ethics can easily penetrate the corporations and make sense of many corporate-related problems, including crisis management. Most importantly, as the weaknesses associated with consequentialism and deontological ethics have shown in chapter three, virtue ethics can conceptualise corporate issues that other ethical theories have been mostly unable to conceptualise and address. In line with this, Racelis (2014:27) makes a strong argument when she

asserts that virtue ethics can offer essential guidance on how leaders and ordinary employees must act appropriately.

While writing this study, the novel coronavirus (Covid-19) emerged in China. It spread fast throughout the world, which prompted the United Nations Secretary-General Antonio Guterres to categorise it as “the most challenging crisis we have faced since the Second World War” (Epstein 2020). As Guterres has further enunciated, “It is a combination, on the one hand, of a disease that represents a threat to everybody in the world and, second, because it has an economic impact that will bring a recession that probably has no parallel in the recent past.” Since the emergence of the virus, many corporations have suffered adverse crises due to problems either caused or exacerbated by the coronavirus. As the corporate crises linked to the coronavirus were not the focus of this study, the paper cannot necessarily be extended to such a crisis. Nonetheless, the virtue ethics approach can still prove relevant in such crises.

As the arguments in this chapter have shown, virtue ethics is a promising ethical framework for responding to corporate crises. It can play an essential role in leadership ethics and corporate crisis management. Due to this, virtue ethics must be given more attention than it has been given in the past. This is especially important because significant ethical issues are often ignored during the crisis. While not all corporations can recover from crisis, it is the central tenant of this study that the crisis-hit corporations’ ability to recover depends largely on the extent to which leaders can respond virtuously to the crisis.

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